

Ford readies another Continental

(Page 130)



BUSINESS WEEK

A MCGRAW-HILL PUBLICATION

FIFTY CENTS

OCT. 5, 1957



Desi Arnaz and Lucille Ball:
TV's first millionaires demonstrate
that there's more money behind the
camera than in front. (Page 66)

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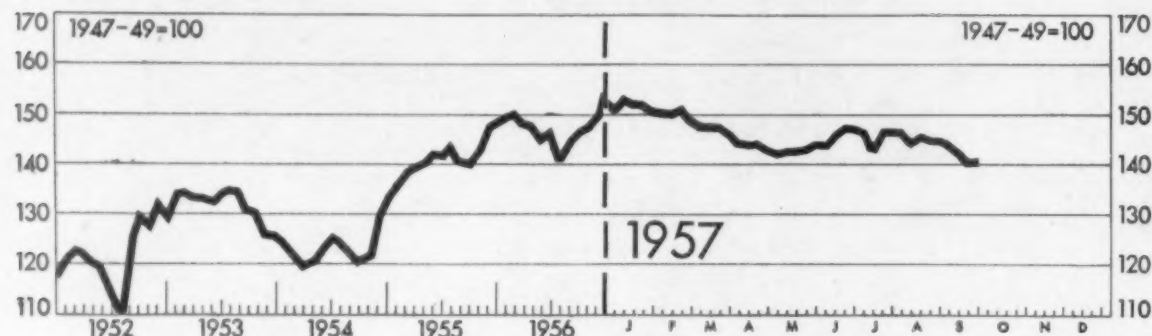


BOWER

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FIGURES OF THE WEEK



BUSINESS WEEK INDEX (chart)

1946 Average	Year Ago	Month Ago	Week Ago	\$ Latest Week
91.6	147.6	145.3	↑141.1	141.0

PRODUCTION

Steel ingot (thous. of tons).....	1,281	2,506	2,073	↑2,105	2,108
Automobiles and trucks.....	62,880	59,092	142,982	↑68,875	61,439
Engineering const. awards (Eng. News-Rec. 4-wk daily av. in thous.).....	\$17,083	\$71,985	\$61,751	\$54,222	\$32,764
Electric power (millions of kilowatt-hours).....	4,238	11,365	12,147	11,991	11,697
Crude oil and condensate (daily av., thous. of bbls.).....	4,751	7,044	6,766	6,840	6,821
Bituminous coal (daily av., thous. of tons).....	1,745	1,675	1,658	1,683	1,678
Paperboard (tons).....	167,269	271,570	290,919	296,404	300,659

TRADE

Carloadings: miscellaneous and L.C.I. (daily av., thous. of cars).....	82	77	70	68	67
Carloadings: all others (daily av., thous. of cars).....	53	61	56	55	53
Department store sales index (1947-49 = 100, not seasonally adjusted).....	90	131	121	↑131	126
Business failures (Dun & Bradstreet, number).....	22	251	262	287	278

PRICES

Spot commodities, daily index (Moody's, Dec. 31, 1931 = 100).....	311.9	423.5	417.4	403.4	394.7
Industrial raw materials, daily index (BLS, 1947-49 = 100).....	↑↑73.2	98.2	91.0	89.3	88.2
Foodstuffs, daily index (BLS, 1947-49 = 100).....	↑↑75.4	82.5	84.4	83.7	81.9
Print cloth (spot and nearby, yd.).....	17.5¢	18.9¢	17.9¢	17.8¢	17.8¢
Finished steel, index (BLS, 1947-49 = 100).....	↑↑76.4	168.6	181.5	181.5	181.5
Scrap steel composite (Iron Age, ton).....	\$20.27	\$57.33	\$50.17	\$43.83	\$40.83
Copper (electrolytic, delivered price, E & M J, lb.).....	14.045¢	39.990¢	27.625¢	26.920¢	26.910¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	\$1.97	\$2.31	\$2.11	\$2.11	\$2.12
Cotton, daily price (middling, 1 in., 14 designated markets, lb.).....	**30.56¢	33.20¢	33.39¢	33.19¢	33.33
Wool tops (Boston, lb.).....	\$1.51	\$1.91	#	\$2.12	\$2.12

FINANCE

500 stocks composite, price index (S&P's, 1941 = 10).....	17.08	45.49	45.04	43.24	42.68
Medium grade corporate bond yield (Baa issues, Moody's).....	3.05%	4.14%	4.89%	4.95%	4.97%
Prime commercial paper, 4 to 6 months, N. Y. City (prevailing rate).....	¾-1%	3½%	4%	4%	4%

BANKING (Millions of Dollars)

Demand deposits adjusted, reporting member banks.....	↑↑45,820	55,374	54,973	55,094	54,786
Total loans and investments, reporting member banks.....	↑↑71,916	85,677	86,470	87,052	86,509
Commercial and agricultural loans, reporting member banks.....	↑↑9,299	29,724	32,012	32,603	32,401
U. S. gov't guaranteed obligations held, reporting member banks.....	↑↑49,879	26,096	24,914	24,747	24,508
Total federal reserve credit outstanding.....	23,888	25,694	25,133	25,719	25,622

MONTHLY FIGURES OF THE WEEK

	1946 Average	Year Ago	Month Ago	Latest Month
Private expenditures for new construction (in millions).....September.....	\$803	\$3,073	\$3,117	\$3,110
Public expenditures for new construction (in millions).....September.....	\$197	\$1,352	\$1,478	\$1,508
Manufacturers' inventories (seasonally adjusted, in billions).....August.....	\$21.3	\$50.4	\$54.1	\$54.1
Consumer credit outstanding (in millions).....August.....	\$6,704	\$39,878	\$42,365	\$42,881
Installment credit outstanding (in millions).....August.....	\$3,174	\$30,644	\$32,699	\$33,045
Cost of living (U. S. Dept. of Labor BLS, 1947-49 = 100).....August.....	83.4	116.8	120.8	121.0
Imports (in millions).....July.....	\$412	\$1,052	\$983	\$1,145

* Preliminary, week ended September 28, 1957.

† Revised.

†† Estimate.

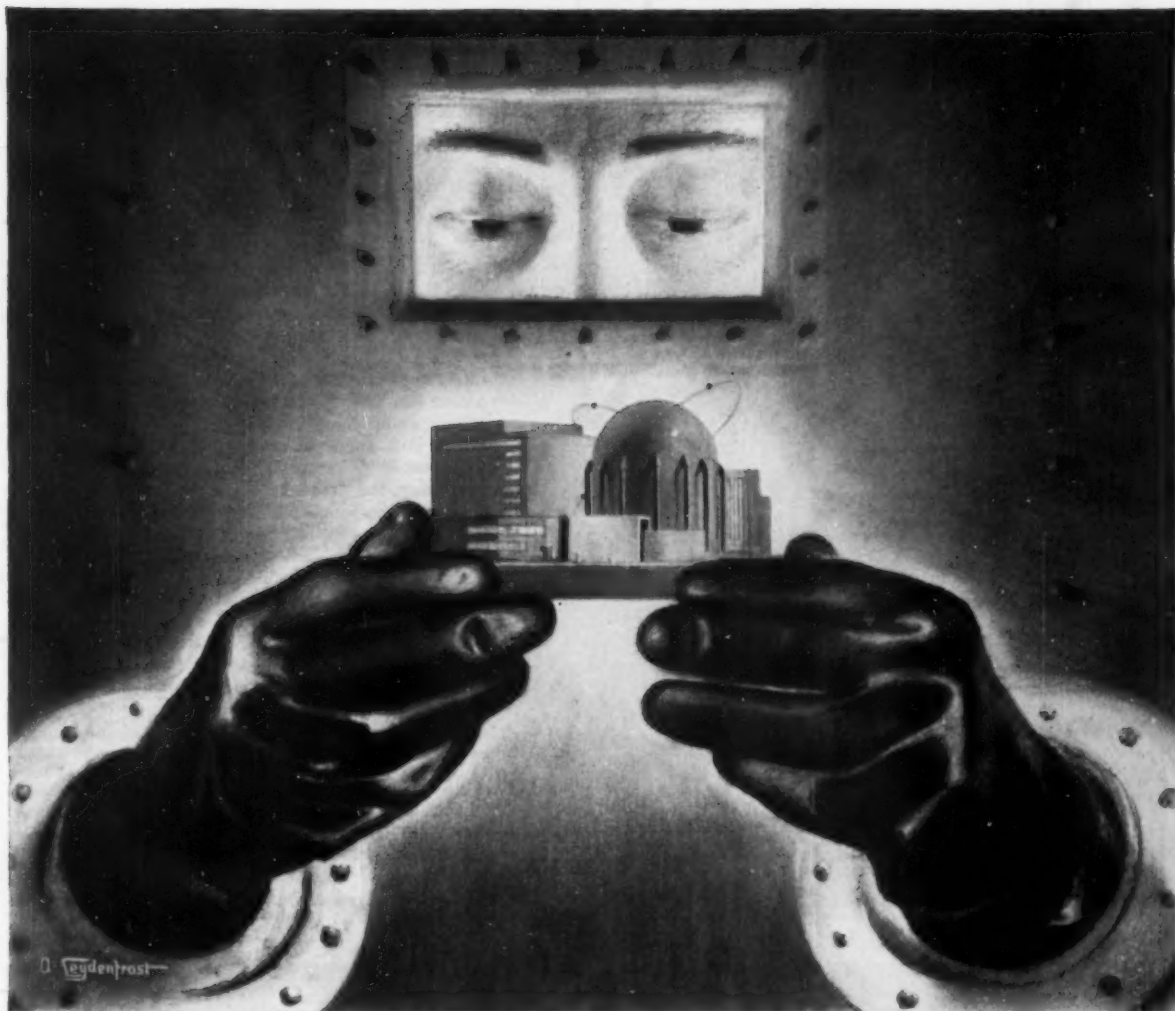
** Ten designated markets, middling ½ in.

Data for 'Latest Week' on each series on request.

Insufficient trading to establish a price.

THE PICTURES—Benson-Lehner Corp.—180; Brown Boveri & Co., Ltd.—98; Grant Compton—44, 45, 46, 116, 118, 120; Consolidated Denison Mines, Ltd.—191, 192; I.N.P.—86; Herb Kratovil—44, 45, 46; R. G. Le Tourneau—179 (top); McManus, John & Adams—179 (bot.); Edith Miller—96, 97; Milwaukee Sentinel—41; Leonard Nadel—cover, 66, 67; Ed Nano—184, 185, 187; North American Aviation, Inc.—198; Robert Phillips—107; Ramo-Wooldridge Corp.—182; Joan Sydow—44, 45, 46; Texas Bank & Trust Co.—128; U.P.—50; W. W.—48, 159.

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From a pinch of atomic fuel —power for your home for a year!

The first U. S. "demonstration" plant for generating electricity by nuclear fission is now in operation; many more are planned. In 25 years the nation's supply of electricity produced by atomic power could surpass today's entire generating capacity. The power consumed by your home in a year may require the energy from only a few grains of atomic fuel!

Although man released the formidable energy at the heart of the atom in the extremity of war, exciting peacetime developments are presently

underway in medicine, agriculture, industrial processing, food preservation, ship propulsion. Ten widely varied U. S. industries are joined in developing the first privately-owned atomic reactor to be built for co-operative research.

These diverse activities, working to advance the time when nuclear power

will be more widely used, are typical of America's free enterprise system.

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Wausau Story IN KANSAS CITY

by JUSTIN D. BOWERSOCK

Feature Writer The Kansas City Star



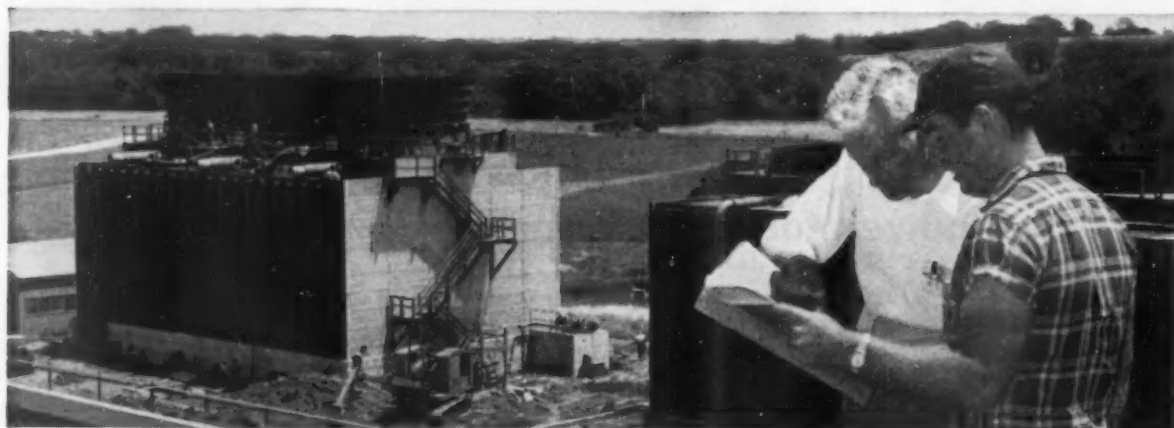
Because we're from Missouri—the "show me" state—people think we expect proof for everything they tell us. Sometimes we do.

Take the "Wausau Way" of working. People who do business with Employers Mutuals talk about it. They say this is a man-to-man way of working, personal and interested. It comes straight from Wausau, the Wisconsin community that's home to the 101 Employers Mutuals offices around the country.

I found there is something special about the "Wausau Way" of working. At the Rodney Milling Company, the "Wausau Way" helps make safety the concern of every man employed there. As a result—not a lost-time accident at the Kansas City mill for over 14 months... none at the McPherson Mill in almost 4 years! For the Marley Company, manufacturers and constructors of water cooling towers, the "Wausau Way" helps solve problems of nationwide field work. Employers Mutuals people are on the job when they're needed—wherever that job is located and for whatever time it takes to complete it.

Employers Mutuals are known as good people to do business with. Now I know why... and remember, I'm from Missouri.

◀ Here's where the wheat for that bread came from. Richard Myers, General Manager of Rodney Milling, shows C. C. Williams, Employers Mutuals Safety Engineer. Mr. Myers says: "Employers Mutuals helped us achieve an outstanding safety record. What's more, morale is better now than it ever has been before. So is production!"



The Marley Company erects water cooling towers everywhere—and for every purpose. It might be for an air conditioning system using 250 gallons of water per minute... or it might be for a power plant where the tower capacity would be 250,000 gallons. Whatever the size and wherever the tower is built, Employers Mutuals people are ready to help—the "Wausau Way." For example, Employers Mutuals Safety Engineer George Gould (left) and Lawrence Dickson, Marley Construction Superintendent are pictured at Eddyville, Iowa. The tower being built there is for the Iowa Southern Utilities Company.

Employers Mutuals, with offices all across the country, writes all lines of fire and casualty insurance. We are one of the largest in the field of workmen's compensation. For further information see your nearest representative (consult your telephone directory) or write us in Wausau, Wisconsin.

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READERS REPORT

Selling Job Needed

Dear Sir:

Congratulations on your excellent education report, Schools: The Worst Is Over [BW—Sep. 14'57, p65].

Throughout the article one theme kept recurring, although it was never explicitly stated—that whether or not a community builds schools is a matter of choice to the community. It is a matter of priorities determined by the people of the community. Apparently, needed schools will be built if the community recognizes its responsibility for education and if the community then decides that school buildings take priority over alternative uses to which its resources might be put.

The lesson seems clear: those who feel that more schools are important must compete in the market of ideas, in order to sell their communities on being willing to support better schools. If half the time and money were spent in this effort that is now used up in efforts to secure "federal aid" legislation, how much better off would our school system be.

GUY WATERMAN

WASHINGTON, D. C.

Double Trouble

Dear Sir:

Re: Ads You'll Never See [BW—Sep. 21'57, p30]—I have difficulty enough now distinguishing between screen sirens and Coca-Cola bottles. "Subliminal Projection" would only compound my troubles.

GILBERT GOODGION

NEW YORK, N. Y.

Error in Earnings

Dear Sir:

I read with interest your item under the headline Proxy Fight Introduces Sour Note in the Hearts and Flowers Business [BW—Sep. 7 '57, p86], and want to call attention to the fact that you have made an error in the figures shown of earnings.

You state that earnings for the first five months of the calendar year, 1957, were \$137,041 as compared with \$134,253 for a similar period in 1956. This is a grave error, as the 1956 figure of \$134,253 was a loss, which means that the improvement for the first five months of the calendar year 1957 over 1956 was \$271,294. . . .

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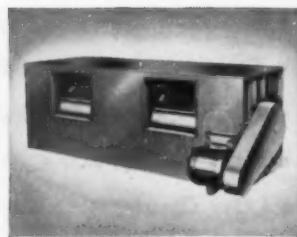
This shopping center conditioning systems...



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Cooling comfort on a budget! TRANE Self-Contained Air Conditioners cool many of the shops, stores and offices in Valley Fair Shopping Center—and do it economically.




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wanted 35 different air Trane supplied them!

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Trane changes climates to order!*



Here's a buyers' climate for a 5-acre shopping center—35 stores where even the window shoppers enjoy ideal climate the year around! It's the Valley Fair Shopping Center near Appleton, Wisconsin, where TRANE equipment supplies an air conditioned atmosphere that keeps customers—and employees—comfortable in every season.

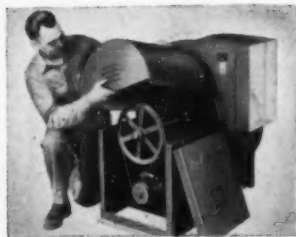
In planning the air conditioning for Valley Fair, engineers chose individual store systems to meet special requirements—instead of a central system. Versatile TRANE equipment—from large year around systems to smaller self-contained air conditioners—met the varied needs of every tenant—making it possible to concentrate responsibility for all equipment in one reliable source!

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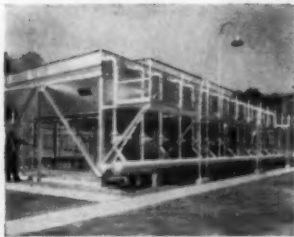
For human comfort or industrial processing—for any air condition—turn to TRANE. For more information, see your nearest TRANE Sales Office or write TRANE, La Crosse, Wis.

◀ **WINDOW SHOPPING IN COMFORT!** In summer, stores leave their doors open to provide cool comfort along the enclosed court. Customers relax . . . take time to look at merchandise on display. Air conditioning is *profit-conditioning*.



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TRANE Utility Fans move conditioned air for Valley Fair. Used for hundreds of ventilating jobs, these fans are extremely quiet and efficient in operation.



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THE NAME TO REMEMBER FOR QUALITY BACKED BY YEARS OF RESEARCH AND EXPERIENCE



Left: main entrance to St. Francis School, Torrington, Conn., which has an attendance of 630 children. Right: disposal can inside the main entrance, where fire started. Grinnell Sprinkler above, doused flames and averted a serious fire.

School fire stopped by sprinkler

Blaze, which could have spelled ruin,
doused by single Grinnell Sprinkler



All the ingredients for destruction were there.

An old, wood-joisted school building; a fire smoldering in a hallway disposal can. All triggered for trouble, except for *one* thing . . . an alert Grinnell Sprinkler System. A single sprinkler head spotted the blaze, went off immediately, extinguishing the fire and ending the threat.

In schools (where an average of 5 fires occur daily); in hospitals; hotels; theaters; stores; factories — wherever lives and property are at stake — Grinnell Sprinklers are a real investment in safety. Moreover,

when you realize that a Grinnell installation often reduces fire insurance premiums from 50 to 90%, it can be a *very* profitable investment, too.

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dependable power
for your product...

Into the design of a Lamb Electric Motor goes our 42 years of specialized experience in the development of small motors... for industrial, commercial and domestic products...

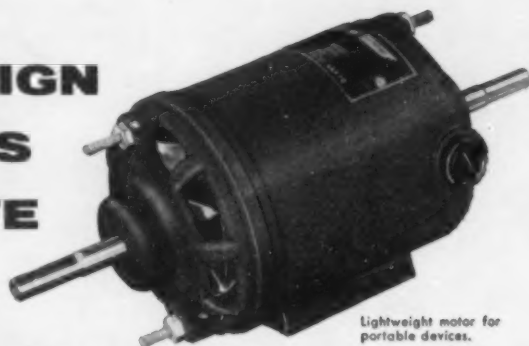
Out of the design comes a motor having the dependability and smooth, efficient operation required for the exceptional performance of your product.

These advantages are standard with Lamb Electric Motors, at no increase in cost, because our plant is equipped and organized to custom manufacture on a volume basis. May we demonstrate?

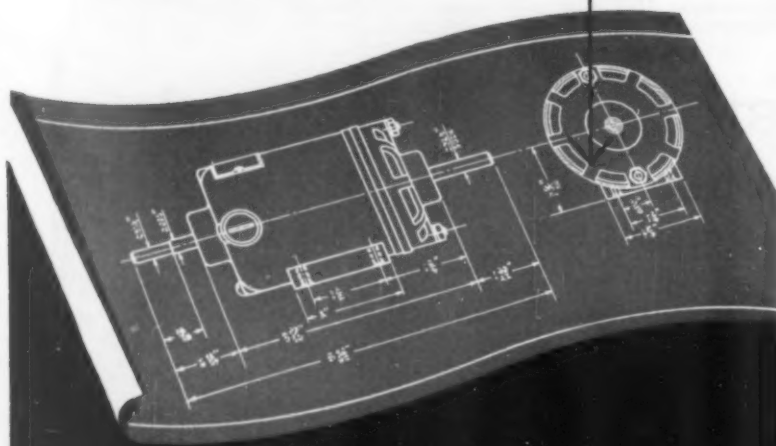
THE LAMB ELECTRIC COMPANY • KENT, OHIO

A Division of American Machine and Metals, Inc.

In Canada: Lamb Electric—Division of
Sangamo Company Ltd.—Leaside, Ontario



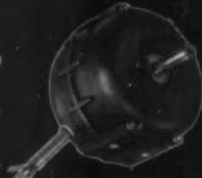
Lightweight motor for portable devices.



SPECIAL
APPLICATION
FRACTIONAL
HORSEPOWER



Helical geared fuel transfer pump motor.



Signal corps transmitter blower motor.



Universal motor for commercial vacuum cleaners.

... [the] information ... pertaining to the amount of stock owned by present directors ... also is misleading. ...

W. CHRISTOPHER

PRESIDENT

UNITED PRINTERS AND PUBLISHERS, INC.

JOLIET, ILL.

Wrong Impression

Dear Sir:

On page 86 of your Sept. 7 issue, you mention that the Securities & Exchange Commission "vetoed" a proposal by The Carpenter Steel Co. to take control of Northeastern Steel Corp.

I am afraid you have created a false impression for your readers concerning these proceedings.

The SEC has expressed an opinion that the proposed reorganization plan is unfair, and has so advised the Federal District Court of Connecticut. The commission has not issued any order prohibiting the transaction, as the word "vetoed" implies.

Federal Judge Robert P. Anderson of the District Court of Connecticut has just signed an order approving the reorganization plan, as submitted, subject to the final approval of Northeastern Steel creditors. He found that the Carpenter offer, "is so close to the enterprise value of Northeastern that it accordingly is clearly fair and equitable and highly advantageous to the Northeastern creditors," and that "from every point of view the trustees' plan offers the prospect of the best return to the creditor."

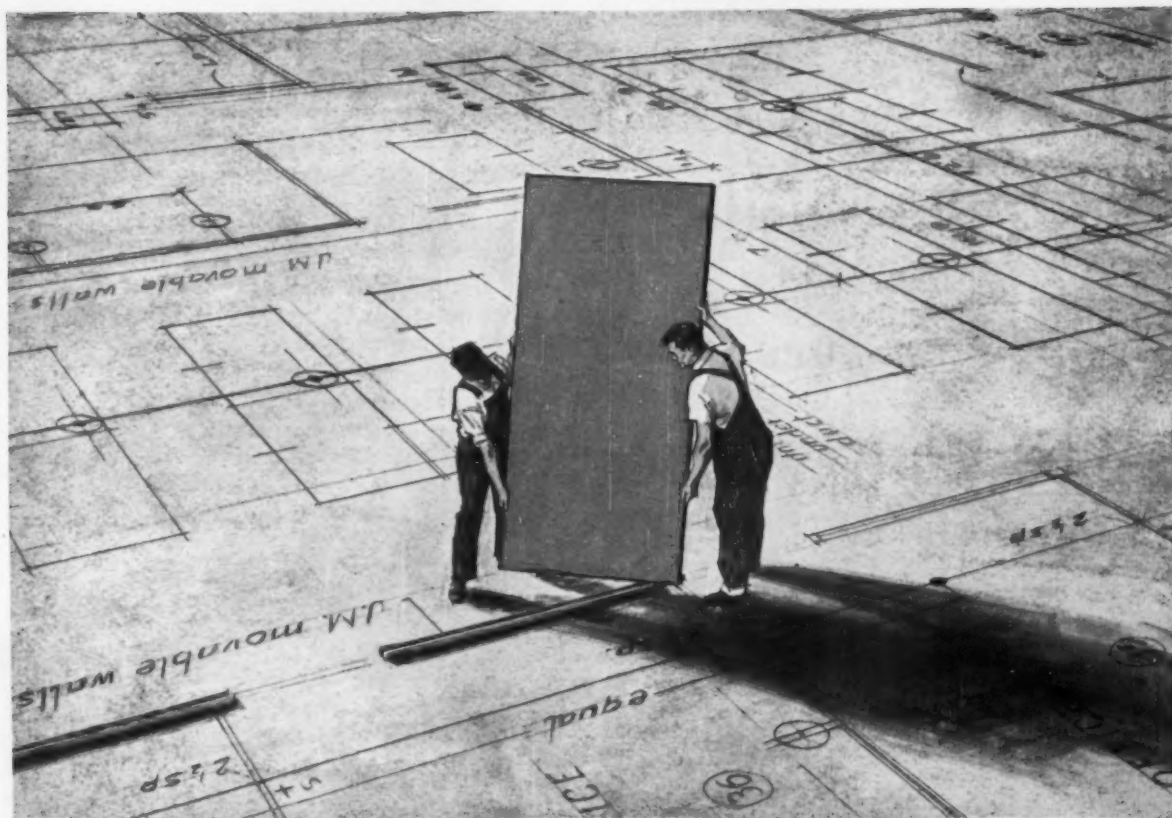
He also concluded that the SEC—which had found the Carpenter offer to be too low—failed to take into account the various depressing factors in Northeastern's situation or to give sufficient weight to the contributions which would have to be made by Carpenter, and that its valuation was therefore too high. He pointed out, further, that neither the commission nor anyone else had suggested any means through which the trustees could realize any greater value, stating, "If the theoretical value put on Northeastern by the SEC cannot be turned into cash or its equivalent and neither the commission nor anyone else has shown or even suggested how it can be, it cannot do the creditors very much good." ...

W. E. ROBERTS

SECRETARY-TREASURER

THE CARPENTER STEEL CO.

READING, PA.



How to make your space *fit* your needs

Johns-Manville Asbestos Movable Walls can be quickly changed at will

You can make your offices *completely flexible* with J-M Asbestos Movable Walls. They are readily movable, yet have the stability and appearance of permanent and solid wall construction.

Johns-Manville Movable Walls can be erected, disassembled and re-located time and again—wherever a change in space is required. This time-saving and money-saving flexibility permits quick and economical alterations in size, arrangement or type of layout.

J-M Movable Walls are prefinished in stippled, textured colors of light

green, light tan and light gray, with other solid colors available on order. Their hard, tough finish is scratch and stain resistant. These walls lend dignity and beauty to any type of office interior.

Made of asbestos and cement J-M Movable Walls are strong, rotproof and long lasting. Wall changes can often be made in a few days or during a weekend. You save construction dollars. For *free* brochure "Asbestos Movable Walls," write Johns-Manville, Box 158, New York 17, N. Y. In Canada, write 565 Lakeshore Rd. E., Port Credit, Ontario.



Johns-Manville flush or glazed partitions are furnished and erected by J-M's own Construction Department, complete with doors, door hardware, glass and trim.



Johns-Manville congratulates the American Institute of Architects on its 100th Anniversary.

—Consult an architect—use quality materials.



Johns-Manville

Denison Multipress

*steps up toy
production pace for
Mattel, Inc.*

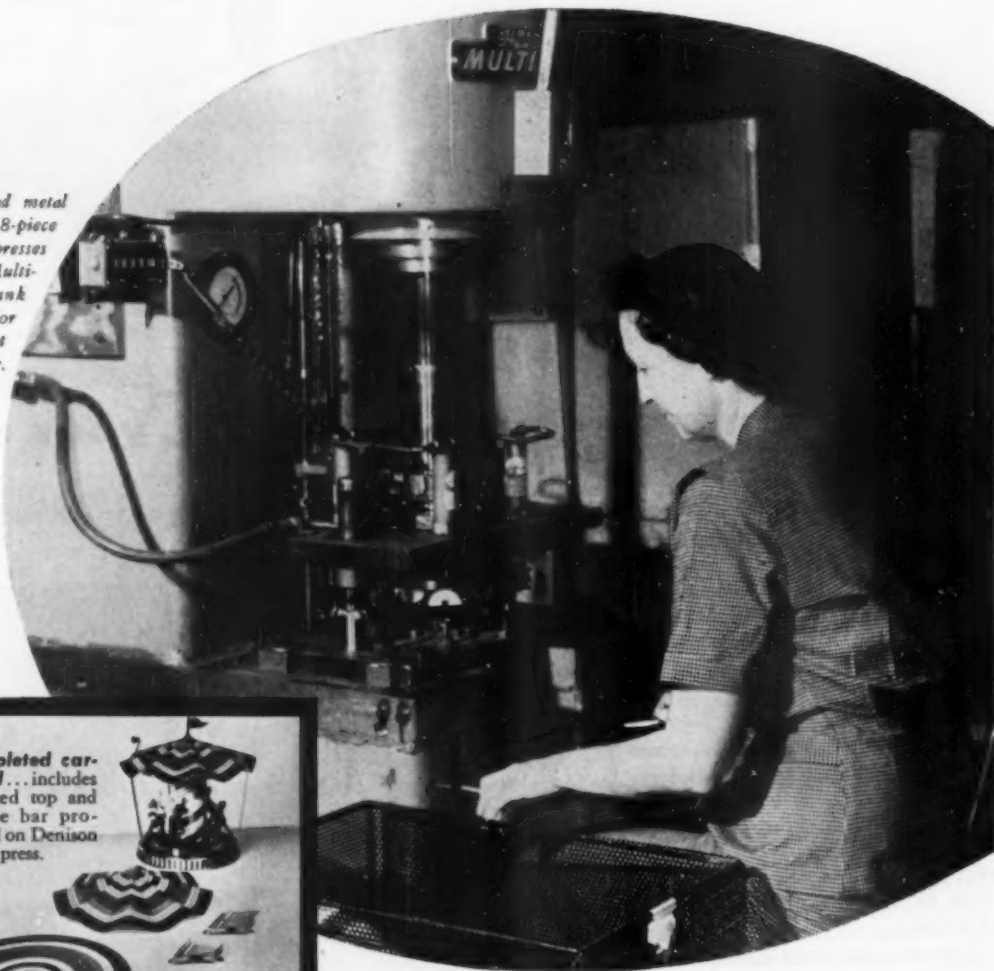
For Mattel, Inc., Los Angeles toy manufacturer, Denison's hydraulic Multipress has resulted in greater output—with virtual elimination of rejects—hence, lower costs.

In the operation illustrated, an 8-ton Multipress forms the multi-colored, scalloped top for a music box carousel. Only one smooth stroke of the Multipress ram is needed to complete the operation.

Production rate: 1000 units per hour.

Multipress is available in ten frame sizes . . . ram pressures from 1 to 75 tons . . . for unit, mass or automated production setups. Let Denison demonstrate. Write Denison Engineering Division, American Brake Shoe Co., 1238 Dublin Road, Columbus 16, Ohio.

Lithographed, pierced metal blank is placed on an 8-piece die set. As operator presses dual control levers, Multipress ram forms blank into scalloped top for music box carousel at rate of 1000 per hour.



Completed carousel . . . includes formed top and chime bar produced on Denison Multipress.

Denison, Denison HydrOILics, and Multipress are registered trademarks of Denison Eng. Div., ABCO

Look to **DENISON** for leadership in hydraulic presses • pumps • motors • controls

DENISON
HydrOILics

General Electric Chemical Research

MAKES
THE JUMP
FROM
FRYING PAN
TO
ATOMIC
FIRE

Exceptionally high purity of new G-E Fused Magnesium Oxide makes it ideal for use in special atomic energy applications. This new refractory material is also being used to give longer life to heating elements in electric frying pans and other appliances.

Another example of



CHEMICAL
PROGRESS

In an atomic laboratory, a crucible containing fission materials is raised to white heat. To meet the special requirements of this work and other high-temperature refractory uses, G.E. is now offering a new, extremely

high purity grade of fused magnesium oxide.

General Electric has conducted chemical research on fused magnesium oxide for many years. G-E Calrod® heating elements were the first to employ the material as a safe, efficient insulation for high temperature units.

An extensive development and testing program has yielded a new grade of fused magnesium oxide that is able to increase greatly the service life of heating ele-

ments in electric frying pans, ranges and other appliances. Today atomic applications can also benefit from this continuing research by General Electric.

Your own investigation of G.E.'s new grade of fused magnesium oxide may bear profitable fruit in still other ceramic, electrical or electronic applications.

For information on G.E.'s fused magnesium oxide products, write Dept. CMD, CHEMICAL AND METALLURGICAL DIVISION, General Electric Company, Pittsfield, Mass.

Progress Is Our Most Important Product

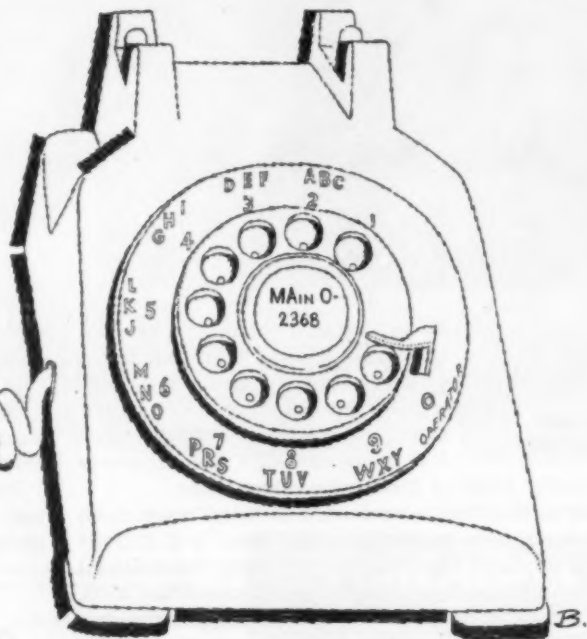
GENERAL  ELECTRIC

Which came first:
Western Electric or
the Bell telephone
it makes?



Western Electric. We started in
1869 as a manufacturer of
telegraph equipment, seven years
before the telephone was invented.
We joined the Bell System in
1882 to meet its need for
reliable telephone equipment.

Western Electric
MANUFACTURING AND SUPPLY UNIT OF THE BELL SYSTEM.





Larry Cowan, President of the Lionel Corp., tells why:

"I put trains in the sky!"

"Boys hate waiting for trains, especially Lionel trains! So when a store orders, delivery has to be fast.

"It always is, when we ship our trains through the sky ... by Air Express!

"No store in the country could possibly stock all the hundreds of different Lionel models. Air Express delivers for us anywhere in the 48 states — inside of a day!

"Sometimes, too, we depend on Air Express because of sudden, unpredictable rushes for certain models. Our

production facilities are taxed to the utmost. But we gain time for production by shipping Air Express.

"With its speedy pick-up and delivery by radio-controlled trucks and its nation-wide private wire system for spotting shipments, Air Express gives us service that's second to none!

"Yet, we save money by specifying Air Express. For instance, a 15-pound shipment from Newark, N. J. to Atlanta, Ga. costs \$5.63. That's \$1.47 less than any other complete air service."



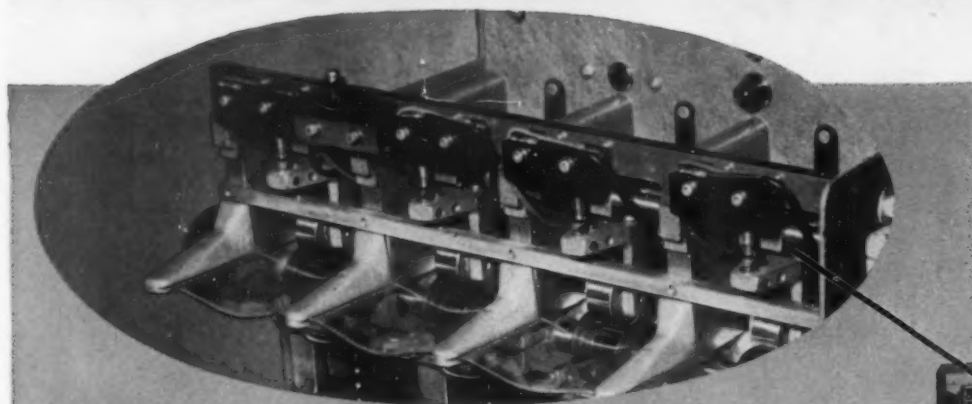
Air Express



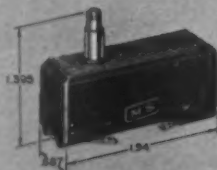
30 YEARS OF GETTING THERE FIRST via U. S. Scheduled Airlines

CALL AIR EXPRESS . . . division of RAILWAY EXPRESS AGENCY

MICRO SWITCH . . . FIRST IN PRECISION SWITCHING



MICRO SWITCH precision switches are actuated by the thickness of a paper bill.



BZ Type switch with overtravel plunger for use with in-line operating motion. There are 15 actuator designs for MICRO SWITCH basic switches.



How THICK is a DOLLAR BILL?

It's more than thick enough to operate the ultra-sensitive MICRO SWITCH precision switches in this magnetic money counter*

MICRO SWITCH precision switches are the reliable, accurate "sensing" components of this money-counting machine.

So sensitive are these switches that they are actuated by the thickness of a dollar bill as it passes between rollers. It immediately "senses" a double thickness (two bills) yet permits a torn bill, repaired by tape, to pass.

Successful use of this accurate and dependable device in banks and financial institutions permits counting and sorting of paper money in from half to a third of the time used by other methods.

This reliability and accuracy is made possible by the precise operation, the small movement differential and the accurate repeat performance of eleven MICRO SWITCH precision units.

*Federal Bill Counter, manufactured by D. Balluff Mfg. Co., Inc., Washington, D. C.

There is—or can be—a MICRO SWITCH precision switch to meet every requirement—for use on all types of equipment . . . business machines, machine tools, aircraft and many others. MICRO SWITCH Engineering Service is available at your nearby branch office.

MICRO SWITCH

A DIVISION OF MINNEAPOLIS-HONEYWELL REGULATOR COMPANY

In Canada, Leaside, Toronto 17, Ontario • FREEPORT, ILLINOIS





NEW... *Crystal Clear Acetate Film*
WITH ULTRA-VIOLET RAY ABSORBER!

No amber or tango film to haze the attractive, delicate pastel colors of these Dura-soft sponges!

Dura-soft is among the first to use a new Celanese transparent acetate film with an ultra-violet ray absorber that doesn't affect the clarity of the film!

Products with delicate coloring can now gain the pack-

Celanese PACKAGING FILMS

CELANESE CORPORATION OF AMERICA, Plastics Division, Newark 2, N. J.

Canadian Affiliate: Canadian Chemical Co., Ltd., Montreal, Toronto, Vancouver.

Export Sales: Amcel Co., Inc., and Pan Amcel Co., Inc., 180 Madison Ave., N. Y. 16.

aging advantage of not only light protection, but of full product visibility, too!

Write Celanese in detail about your light protection problems, or use coupon below.

Celanese®

Sales Department, Celanese Corporation of America,
Plastics Division, Dept. 129-J, 744 Broad Street, Newark, N. J.

Please send me complete information on Celanese UV Blocking Film.

Name _____

Title _____

Company _____

Address _____

City _____

State _____

Application I have in mind _____

ANNOUNCING

A CONTINUING RESEARCH STUDY IN

The Human Side of Moving

In our many contacts with company executives responsible for transferring personnel, we have found them increasingly concerned with the psychological complications involved in tearing a family loose from one community and establishing it in another.

Modern techniques of packing and handling have taken most of the work and worry out of moving. The mental hurdles still remain. Personal and family problems. School problems. Finding a new home. Getting established in a new environment.

These can be real headaches not only for the employee but for the employer. Failure to solve them results at best in impaired morale—at worst in the loss of a valued employee.

Individual companies have tried various ways of easing tensions and anxieties, but up to now there has been no channel for exchanging experiences and no concerted attack on this group of problems.

As a company committed to provide its customers with complete, and highest quality long distance moving service, we

feel it is appropriate for GREYVAN to institute such a program.

We propose to get it going, by underwriting the costs of the initial research and the publication of the results to interested company executives. But we don't want it to be "our" program—we want it to be "your" program. To that end we suggest that each company which finds the transfer of personnel a serious problem, should designate the executive most directly concerned with such transfer as its representative to receive the reports, to counsel with us on the direction the study should take, and to refer to us specific problems which come up in his own work.

Eventually we hope this will result in a national organization of such executives which will take over and carry on the work we are now initiating.

Any company executive interested in this program is cordially invited to write for further information to:

Henry P. Bruner, President
Greyvan Lines, Inc.

57 West Grand Avenue, Chicago 10, Ill.



THE GREYHOUND MOVERS

SO YOUR COMPANY
WANTS YOU
TO MOVE!

A new home in a new city...
*How to find it
the easy way*

THE HUMAN SIDE
OF MOVING

*Adjusting
to
the
new
school*

*Your Roots
in the
New Community*

INCLUDED IN THE PROGRAM:

*A manual for your company representative
(The Human Side of Moving)*

Containing reports on various phases of this continuing study as they are issued.

•
Folders for the transferee

Information and suggestions that will make the moving easier and less worrisome for him and his family.

•
Advertising to the general public

Designed to ease the anxieties of moving.

Famous printing inks of *Sinclair and Valentine*



...now part of the **AMERICAN-MARIETTA** family of products



PROGRESS REPORT MAILED ON REQUEST

A concise report of American-Marietta's achievements during the nine months of its 1957 fiscal year. To obtain a copy, address Department 4.

The almost endless variety of fine printing inks produced by Sinclair and Valentine are known the world over. You'll find them rolling "smooth and sweet" wherever printing craftsmen ply their skilled trade to the thunder of multicolor presses. These precision-blended inks are preferred in the fast-growing packaging field, in publishing, and on every job where first-quality reproduction is essential.

On September ninth, the 48 plants of Sinclair and Valentine in the United States, Canada, Mexico, Cuba and Colombia joined the American-Marietta Company—adding another important member to the family of top-rated products that have made American-Marietta a leader in so many fields.

The honored name of Sinclair and Valentine, favorably known as a leading ink producer since 1890, will be retained. During the years ahead, you may expect continued growth and new technical advances in the skill of producing quality printing inks.



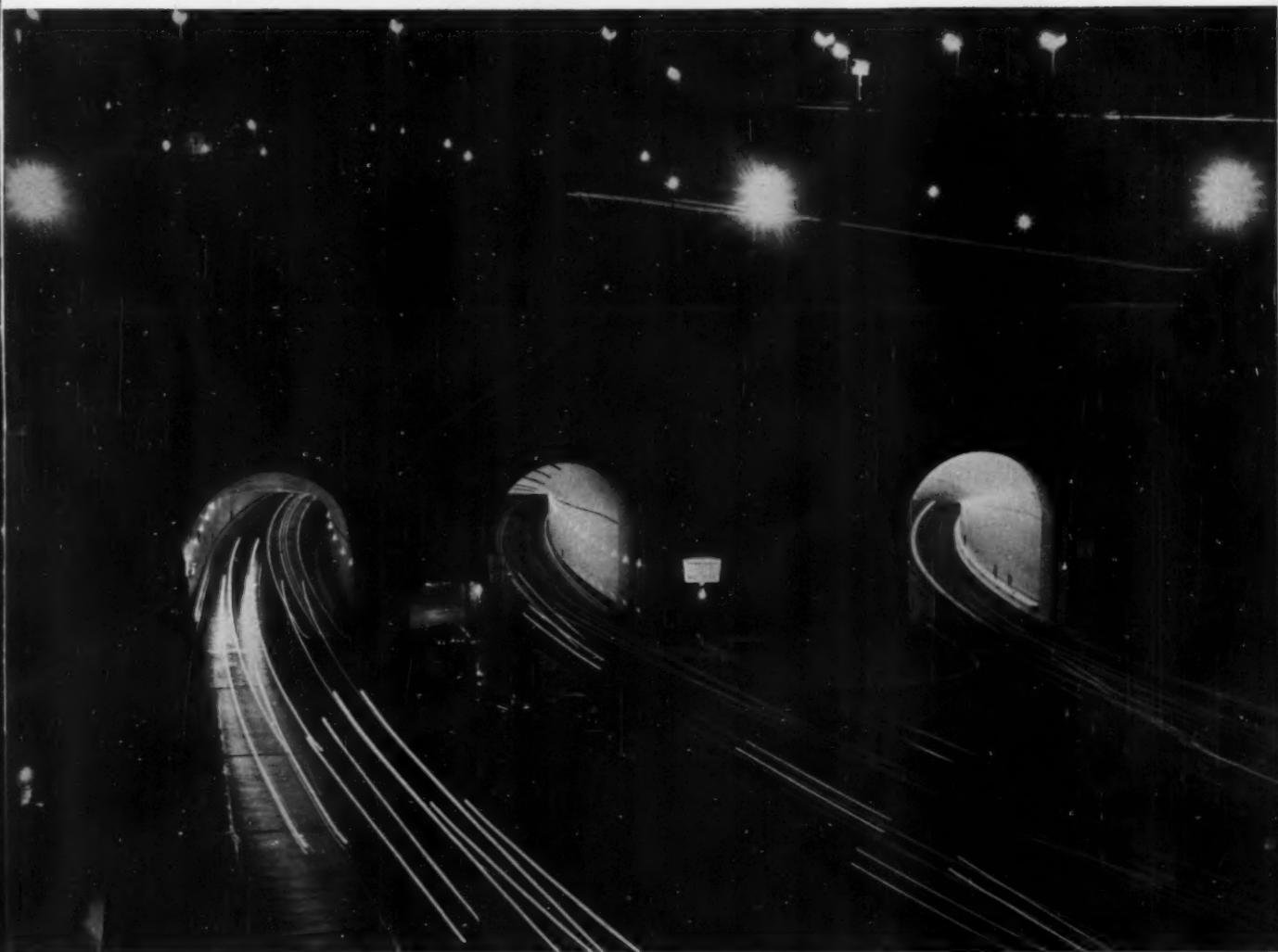
AMERICAN-MARIETTA COMPANY

101 EAST ONTARIO STREET, CHICAGO 11, ILLINOIS

Revelations In Progress Through Modern Research

PAINTS • INKS • RESINS • CHEMICALS • HOUSEHOLD PRODUCTS • BUILDING MATERIALS • CEMENT

*Electricity can do more for you
...through better control and distribution*



Holiday weekend and all's well

When one hundred million Americans get the wanderlust, transportation facilities everywhere take a beating. For example, the famed Lincoln Tunnel joining New York and New Jersey has quite a load to handle: over 5,000 cars every hour during holiday rushes!

It couldn't be done without the most modern equipment to control and distribute electricity. To keep the air free of deadly exhaust fumes, for example, blowers must force millions of cubic feet of fresh air in every hour. To keep traffic moving, control and communication power must be unfailing.

Here, as in hundreds of other places, Federal Pacific equipment was picked for the vital job of controlling and

distributing electrical power. "Fail-proof" power continuity, for example, is assured by duplicate substations at both ends of the tube. Supervision of traffic is dependably handled by Federal Pacific control panels. In fact, a wide range of Federal Pacific Equipment is evident throughout the entire electrical installation.

It's not surprising. For Federal Pacific is one of the leading producers of electrical control and distribution equipment...and growing bigger every day! Why? Because Federal Pacific has consistently found new, more efficient ways of controlling electricity for home and industry.

FEDERAL PACIFIC ELECTRIC COMPANY

Main Offices: 50 Paris Street, Newark, New Jersey

FEDERAL  PACIFIC

Better Products to Control Electricity

ONE SIGNATURE

ONE RESPONSIBILITY

ONE HIGH STANDARD



INVESTIGATE PRITCHARD'S

SINGLE RESPONSIBILITY CONTRACT FOR YOUR NEXT CONSTRUCTION PROJECT

Let a Pritchard Single Responsibility Contract be the key to a successful construction project for you. Whether you are contemplating building a new plant, expanding or modernizing present facilities, Pritchard has a lot to offer you.

One Signature! You sign one contract with one firm; not a separate contract for each phase of the project. Pritchard handles everything including the design, engineering, purchasing and construction. The result is a saving to you in time and money. Things move rapidly. Design and Engineering are carefully coordinated. You benefit from the savings in quantity purchasing. Construction proceeds without costly delays.

One Responsibility! Responsibility for your complete satisfaction rests with Pritchard and Pritchard alone. This includes all phases up to and including final testing.

One High Standard of Performance! You know, before the project begins, exactly what it will cost. Specifications are established and you get what you pay for—nothing less. Pritchard gives you a firm guarantee of proper operation and maximum efficiency. There is only one standard of quality and performance with Pritchard: the very best.

YOUR INQUIRY IS INVITED

SERVING THE GAS, PETROLEUM, CHEMICAL, PETROCHEMICAL,
PULP, AND PAPER INDUSTRIES AND THE POWER PLANT
NEEDS OF INDUSTRY AND CORPORATE UTILITIES.

INDUSTRY'S PARTNER FOR PROGRESS

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CHICAGO
BUFFALO

HOUSTON
NEW YORK
PITTSBURGH

J.F. Pritchard & Co.
ENGINEERS • CONSTRUCTORS

DEPT. 559, 4625 ROANOKE PARKWAY
KANSAS CITY 12, MISSOURI
MANUFACTURERS
OF COOLING TOWERS AND GAS AND
AIR TREATING EQUIPMENT



New way to control inventory

*How Emery
Air Freight
helps cut
inventory
costs*

Anything allowed to "sit" for long not only costs money but can become obsolete and a complete loss.

For example—a customer of ours makes airplanes. Often during production, improved equipment is developed. Then he has to replace old designs with new, leaving a stock-pile of obsolete parts. Now, using Emery Air Freight, he buys only enough parts for actual, current production.

He cuts necessary inventory to a

minimum. He avoids risking capital when it's not really needed. He saves on warehousing.

With Emery, you can also expect savings up to 33% (depending on distance and weight) compared with the only other air express service.

Of course, any emergency shipment moves better by air. But find out how Emery's nationwide door-to-door service can fit into your own everyday inventory planning.



EMERY AIR FREIGHT CORPORATION

General Offices: 801 Second Avenue, New York 17. Serving the United States, Alaska, Canada . . . and Europe, Asia, Africa.

You'll find American Blower Air



Beck Building,
Shreveport, La.

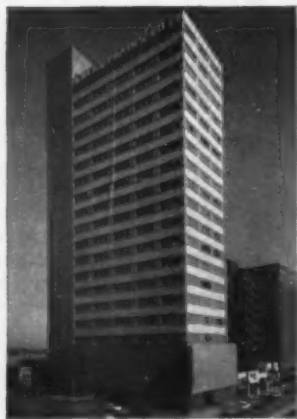
...because American Blower
offers a complete line of
air-conditioning products designed,
engineered, and manufactured
to work TOGETHER



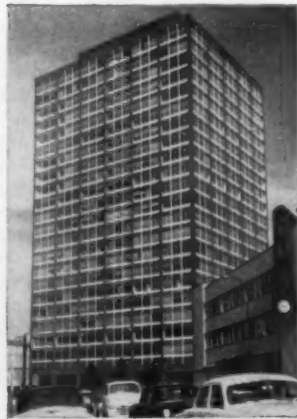
Port Authority Bus Terminal,
New York, N. Y.



Sheraton Hotel,
Philadelphia, Pa.



Great Plains Life Insurance
Building, Lubbock, Tex.



Mile High Center,
Denver, Colo.



Sunray Building,
Tulsa, Okla.

Conditioning wherever you go



Mondawmin Shopping Center,
Baltimore, Md.



Evening and Sunday Bulletin Building,
Philadelphia, Pa.



Standard Brands Building,
New York, N. Y.



Federal Office Building,
New Orleans, La.

WHETHER it's a large-scale central or zone system—or a system for a smaller store, showroom, or industrial plant — American Blower has the right air-conditioning and refrigerating equipment for your business. Buying from a single source gives you a balanced system, pinpoints responsibility for

quality and performance, saves you time and money. So, if air conditioning is in *your* plans, get in touch with our nearest branch for product information. Or write: American Blower Division of American-Standard, Detroit 32, Michigan. In Canada: Canadian Sirocco products, Windsor, Ontario.

AMERICAN BLOWER

Division of **AMERICAN-Standard**



QUALITY PROTECTS YOUR INVESTMENT... **AMERICAN-Standard** QUALITY IS AVAILABLE AT NO EXTRA COST

General Electric says:

"On the average, only 1 out of every 1,000 G-E Fluorescent Lamps may not light."

C. C. Lawrence, operating manager, says:

"We installed 61,970 G-E Lamps and only 1 out of every 1,500 wouldn't light! That's 99.93% perfect!"



Owners: Galbreath Corporation—John W. Galbreath, Peter B. Ruffin

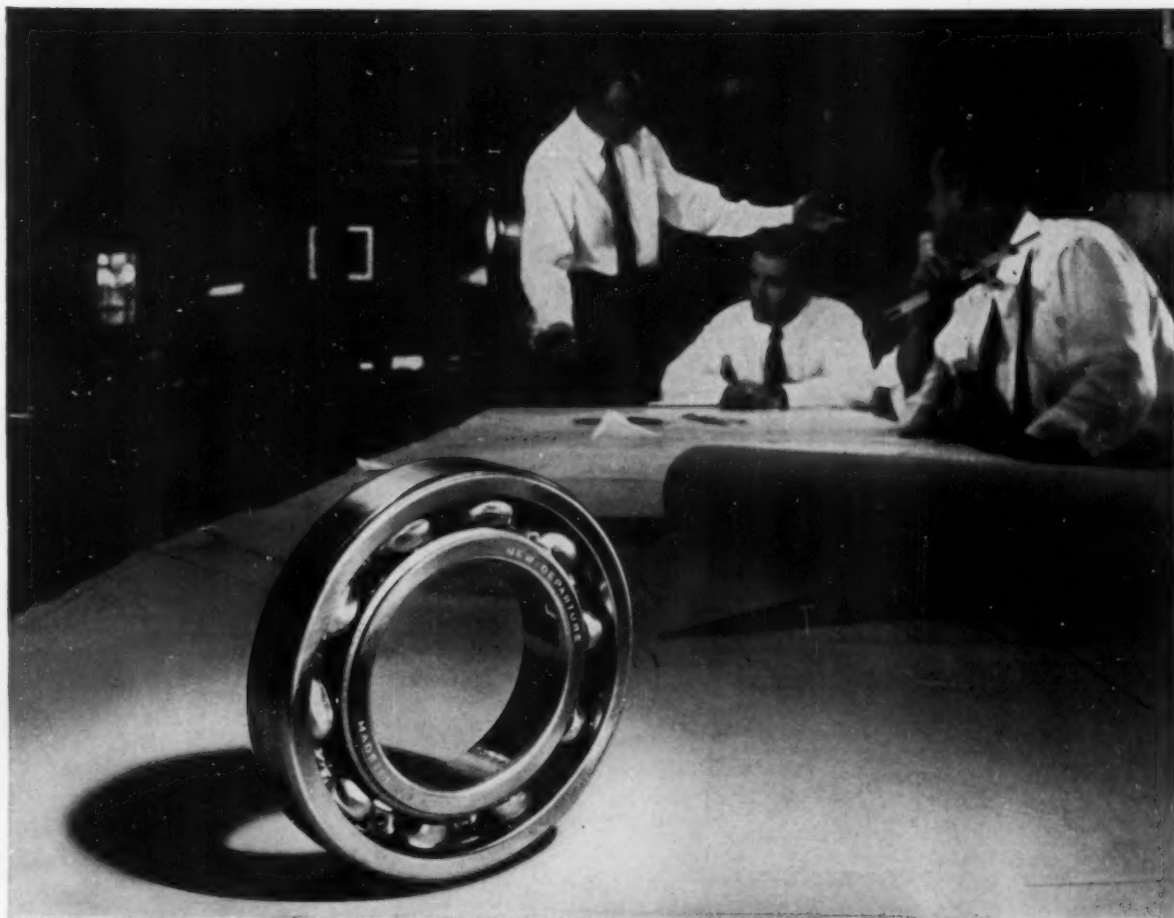
MR. LAWRENCE is the Operating Manager of the Socony Mobil Building—one of New York's newest and most dramatic skyscrapers—where nearly 62,000 G-E Fluorescent Lamps far exceeded the claims General Electric makes for them.

BUY General Electric Lamps and expect the same *performance that exceeds the promise!* General Electric manufactures its lamps with such care and precision that, on the average, 999 out of 1,000 G-E Lamps are free of physical defects which could affect their performance in service. And this performance doesn't stop here. *Evidence: Only 373 of the 61,970 G-E Lamps needed replacing during the first full year of service. That's only 6 out of 1,000!* General Electric Co., Large Lamp Dept. BW-107, Nela Park, Cleveland 12, Ohio.

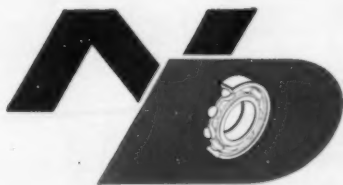
Progress Is Our Most Important Product

GENERAL  ELECTRIC

G-E LAMPS GIVE YOU MORE FOR ALL YOUR LIGHTING COSTS



How simple can it get ? (*design in ball bearings and see!*)



*turning point
of modern
industry*

Simplify design with ball bearings! Many leading machine designers have for years. In collaboration with New Departure application engineers, they've simplified machining . . . saved money on parts and assembly costs . . . improved product performance.

Such collaboration has been a two-way street! For, while helping designers solve *their* bearing problems, New Departure has developed new types of ball bearings that lead the field in easing design problems.

When you design a new machine . . . or revamp a present one . . . let a New Departure ball bearing application engineer sit in. You'll find that the right "new departure" in ball bearings will simplify your product design and improve its performance. New Departure Division, General Motors Corporation, Bristol, Conn.



NEW DEPARTURE • DIVISION OF GENERAL MOTORS, BRISTOL, CONN.

NOTHING ROLLS LIKE A BALL

Another bumper crop of grain goes to market via Great Northern

Giant combines sweeping tandem fashion across grain fields that stretch as far as the eye can see have reaped another successful crop across the northern tier of states. Country elevators are packed with wheat, rye, oats and barley. Now it's our job to pick up this golden bounty and transport it to terminal storage facilities, to mills, to ports. Great Northern knows how to handle this and many difficult transportation jobs. For information on progressive, modern rail transportation, write W. E. Nicholson, General Freight Traffic Manager, Great Northern Railway, St. Paul 1, Minn.



Apples are ripe in Washington!
—and Great Northern will get them to you fast, fresh

This year's crop of those big, Washington Delicious apples is on its way to you in Great Northern refrigerator cars. Look for these fine apples at your food store soon. For information on commercial and industrial opportunities in this northern land of plenty, write E. N. Duncan, Director, Industrial and Agricultural Development, Great Northern Railway, St. Paul 1, Minn.



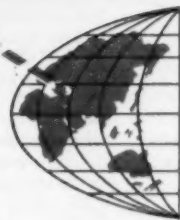
Offices in principal cities of U.S. and Canada

Travel Executive-style on the Incomparable Empire Builder every day, each way, between Chicago and Seattle-Portland



man-on-the-spot

in Beirut



You *can* be in more than one place at the same time — by dealing through Bank of America's worldwide International Department.

With overseas branches, traveling representatives, and correspondents in every important center of world trade, Bank of America can offer you *on-the-spot* service wherever you do business.

If expert *local* opinion and information would make a difference in your foreign trade operation, why not put our Bank of America *men-on-the-spot* to work for you?

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

San Francisco 20 • Los Angeles 54

Bank of America (International)—New York City 5

OVERSEAS BRANCHES: London • Manila • Tokyo • Yokohama • Kobe • Osaka • Bangkok • Guam REPRESENTATIVE OFFICES: New York • Mexico City • Milan • Zurich • Paris
New Delhi • Havana • Rio de Janeiro • Beirut BANK of AMERICA — International: (a wholly owned subsidiary) New York • Duesseldorf • Singapore • Paris • Beirut • Guatemala City



U. S. Air Force Photo

"Moby Dick" high altitude research balloon being launched from a special protective trailer at AFMDC. This balloon carries instruments up many miles. Small sized balloon alongside provides launch crew with information on surface wind velocity and direction.

SCIENTISTS ARE OPENING DOOR TO OUTER SPACE AT AIR FORCE MISSILE DEVELOPMENT CENTER

Almost 4000 square miles of desert comprise the rocket and missile test range at the Air Force Missile Development Center at Holloman AFB, near Alamogordo, New Mexico. In another sense, the test range is limitless, extending upwards to the reaches of space. It is one of AFMDC's missions to extend our knowledge of these extreme altitudes, to prepare man for life above the atmosphere—this in addition to extensive development and test work with missiles and similar weapons.

AFMDC is one of the centers of the Air Research and Development Command. In addition to its basic mission, it works with other ARDC centers, government agencies and industrial contractors in electronics, weapons, and upper atmosphere research.

Undergoing tests at AFMDC are surface-to-air and air-to-air supersonic missiles for intercepting hostile aircraft; air-to-surface missiles; surface-to-surface guided missiles, and many similar weapons.

Instruments and biological specimens are carried skyward in experimental rockets and balloons at AFMDC for studies of radio wave propagation at high frequencies; investigation of electrical characteristics of the ionosphere and composition and acoustical properties of upper atmospheres; studies of the intensity of radiation from the sun, from nocturnal space, and from the earth; studies of high altitude winds, and studies of the biological effects of cosmic radiation and reduced gravity. This high altitude research is useful in the development of missiles, aircraft, and associated equipment.

Gleaning this useful information is a long and difficult business which draws upon the skills of thousands of civilian and military engineers and their many counterparts in private industry. The efforts of this small army of technicians will not only determine America's ability to meet potential aggressors, but bring ever closer the coming Age of Space.

This is one of a series of ads on the technical activities of the Department of Defense.



FORD INSTRUMENT CO.

DIVISION OF SPERRY RAND CORPORATION

31-10 Thomson Avenue, Long Island City 1, New York

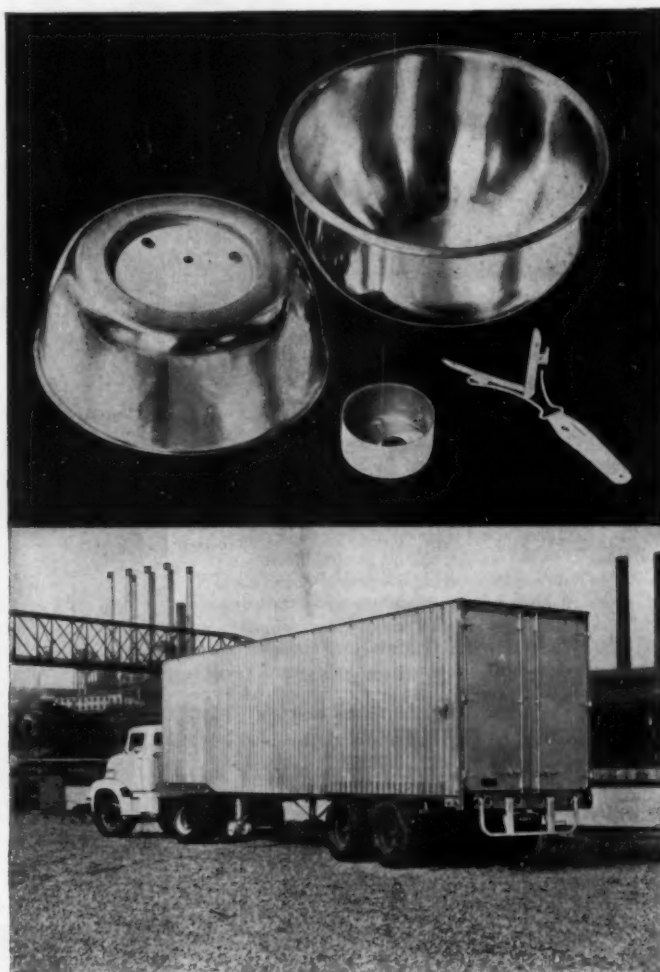
Beverly Hills, Cal. • Dayton, Ohio



Technicians in Ford Instrument's gyro laboratory perform tests on subassembly from missile guidance system.

ENGINEERS of unusual abilities can find a future at FORD INSTRUMENT CO. Write for information.

You can draw
and form them
LITTLE



or fabricate them
BIG

with the new A-L low-nickel STAINLESS GRADES

**WRITE FOR THE
ASSISTANCE
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057-9

BUSINESS OUTLOOK

BUSINESS WEEK

OCT. 5, 1957



Our autumn upturn in business certainly lacks vigor so far. In fact, it begins to look as though we were falling behind a year ago.

Business Week's Index of business activity, already trailing 1956, lost ground after Labor Day instead of rising. And the Federal Reserve Board's measure—which rose 5 points from August to last yearend—must either break out of its rut or it, too, will fall behind.

Right now it takes a bit of searching to find any sensitive indicator that is pointing higher. Just about the most encouraging at the moment is paperboard (BW—Sep. 28'57, p35).

Output of paperboard last week pushed to a new record above 300,000 tons. This presumably represents demand for shipping containers, which should, in turn, spell good prospects at least for softgoods.

However, neither railway loadings of manufactured goods nor department store sales lend any confirmation to a rise in distribution as yet.

Even with prices averaging higher, dollar volume of department stores in September apparently barely matched a year ago.

This is disappointing after optimistic estimates on August trade.

However, the figures may be a bit misleading. Warm weather in September probably hurt seasonal buying. And the early Labor Day crowded most of the back-to-school trade into August.

Railway traffic in manufactured goods (represented largely by miscellaneous and less-than-carload-lot freight still is dragging along at summer-time levels. This business is 5% behind both 1955 and 1956.

There may be mitigating factors here, too, though. This shortfall is of long enough standing so that it begins to look as though other forms of transportation had taken another permanent bite out of rail traffic.

Consumer credit figures for August tend to bear out the official estimates of big retail volume during that month (though the story they may have to tell about September remains to be heard).

Credit to charge-account customers during August advanced unusually sharply—and far more sharply than in August, 1956.

And installment loans continued their steady if unspectacular rise. Time-payment debt at the beginning of September topped \$33-billion.

Unpaid balances on time credit extended to buyers of motor cars now is nearing \$15½-billion, up \$1-billion so far this year. But growing even faster, percentagewise, have been personal loans—up virtually \$700-million since yearend to a total of nearly \$7.9-billion.

Statistics on metal markets and metalworking fail to reveal any encouraging signs of a real pickup in hardgoods.

It must be noted, of course, that autos still haven't hit full stride.

But the auto industry's model change now is nearly enough complete

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

OCT. 5, 1957

so that all manufacturers must be taking delivery on as much metal as they figure they'll need in the immediate future.

Steel mills still report that their orders are spotty and generally below the level expected by this time.

As a result, steel operations remain between 82% and 83% of capacity.

If you took the supposedly "barometric" price of scrap as your forecaster of steel operations, you would be blue indeed. The price has tumbled \$10 to \$15 a ton in the last two months.

The main factors, though, are that (1) mills are well stocked with scrap, and (2) shipments of ore down the Lakes this year have been huge.

Under these circumstances, and with steel users something less than clamorous, the mills have just waited out the scrap market.

Even structural steel seems gradually to be coming into better supply.

Requirements remain very high, of course. The American Iron & Steel Institute estimates this year's shipments 25% ahead of 1956.

These high shipments are, very naturally, helping to cure shortages. But new orders have been sliding steadily, too; bookings in August were less than half their April level of 360,000 tons and 38% below a year ago.

—•—

Contract lettings on major construction projects tend to explain why new orders for structural steel are slackening.

Current awards, as compiled by McGraw-Hill's Engineering News-Record, continue to lag behind a year ago. The total to date is about 15% below last year.

—•—

Figures on power and fuel would indicate that industrial production isn't very much ahead of a year ago if, indeed, it is up at all.

Though demand for electric power remains well above 1956, the latest week's gain of 2.9% was unusually small (and the recent average of plus 4% to 6% is less than earlier in the year).

Meanwhile, coal output is only very slightly ahead of 1956 while petroleum is far below last spring's record and moderately below a year ago.

—•—

Some aches and pains are showing up in heavy motorized equipment.

Demand for large motor trucks seems to have slowed up, and there are indications that we are behind last year's levels. And trailer business has been poor for some time.

Inventories of crawler tractors are bothering some manufacturers.

—•—

Industry's demand for bank credit probably isn't being fully met this fall. Anyhow, be the cause tight credit or lower demand, the banks' business loans aren't moving normally for this time of year.

There has been virtually no rise since June 30. Last year, the gain for the period was about \$800-million and in 1955 \$1.1-billion.



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AC SPARK PLUG DIVISION,
GENERAL MOTORS CORP., Flint, Mich.
... over 50% of the entire area shown was
constructed by Cunningham-Limp . . . Large
manufacturing bldg. (lower left), erected in two
stages, was first of C/L jobs: in the nine years
since, practically every type of project was done
—for example—the power house (upper center),
originally built by C/L, was doubled in capac-
ity; a research building (left center) was
erected; floors were renovated; much machinery
installed; materials handling equipment was
revamped, etc., etc. Work was also done in the
Industrial Ave. plant, not shown. Some of these
projects were designed and engineered as well
as built by C/L.



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TRinity 3-4000

CHICAGO 1, 507 ILLINOIS BLDG., MILWAUKEE 4-2877
KANSAS CITY, MO., 185 SEARLEY BLDG., VICTOR 2-8791
ST. LOUIS 5, 316 LINDELL TRUST BLDG., OLIVE 2-8888

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Nine years and 528 building projects ago at AC Spark Plug Division

(how you can use all of the Cunningham-Limp services)

Nine years ago (Oct. '48), this Division of General Motors assigned the first C/L construction job. As of June '57, our 527th and 528th projects are nearing completion. As might be expected, the manufacturing facilities required by a large, aggressive company, which researches to improve present products and find new ones to market, are subject to frequent change. So, many of their projects are far removed from the "building" category and make use of the wide range of services rendered by C/L (and available to you, also).

For example—the production line in one of the old buildings was torn out, the interior remodeled, and large presses, and other new production equipment was installed; the engineering, building and installation all done by C/L. Another example—the waste treatment plant was built and all equipment, including the tanks, was installed by C/L. Of course, there are many similar examples of C/L's versatile experience in plant layout, materials handling, equipment purchase and installation.

One fact to keep in mind—most of these 528 projects were assigned to C/L under competitive conditions with price and completion dates the main considerations . . . And a second fact, which we hope is obvious . . . that you, too, can have full confidence in assigning Cunningham-Limp the complete responsibility for designing, engineering, building that project of yours—including the selection of the exact site, plant layout, materials handling, office layout, interior decorating and landscaping. In fact, you can call on us for analyses and

reports on which to base your decision **whether to build in the first place**, and, if expansion is called for—**where to build** to balance the location of your markets in relation to labor and materials—**what to build** to secure greatest production efficiency and provide for the projected growth of your business—**how to build** to take best advantage of your resources and facilities . . . MANY OF OUR CUSTOMERS TELL US THEY LIKE THIS C/L METHOD. THEY PROVE IT TOO—OVER 90% OF OUR VOLUME STILL COMES FROM OLD CUSTOMERS.

Send For The C/L Book—if you want 58 pages of help and information on building-engineering problems. It shows some of the cost-saving methods we use and lists many of the details that go into making wise building decisions. Request it on your business card or letterhead, please. It will be sent by mail.

90% of C/L's volume comes from repeat orders

In the building business, especially, repeat orders indicate customer satisfaction. Listed here are several of the well-known corporations which have found it profitable to use C/L's design-engineer-build services at two or more "nationwide" locations. The complete list is available, of course.

Archer-Daniels-Midland Co.
Ashtabula, Ohio
Mankato, Minn.
Wyandotte, Mich.

Chrysler Corporation
Detroit, Mich.
Rye, N. Y.
Slovakia, Ill.

Es-Cell-O Corporation
Detroit, Mich.
Lima, Ohio

Ford Motor Company
*Birmingham, Mich.
*Indianapolis, Ind.
Lima, Ohio
Livonia, Mich.
Marion, Mich.
*St. Louis, Mo.
Wayne, Mich.

Latrobe Steel Co.
Buffalo, N. Y.
Detroit, Mich.
Independence, Ohio
Toledo, Ohio

Storer Broadcasting Co.
Atlanta, Ga.
Birmingham, Ala.
Detroit, Mich.
Miami, Fla.

Sunshine Biscuits, Inc.
Detroit, Mich.
Grafton, Ohio
Jeffersonville, Ind.
Omaha, Nebr.
Pittsburgh, Pa.

*designed by others

Time for Economic About-Face?

● A great debate is stirring in Washington over whether the economy needs to be restrained or stimulated.

● Focal point of the controversy is inflation. Fed thinks it's still a threat; Presidential aides suspect we've licked it.

● To bolster their arguments and theories, both groups are taking a hard look at the business indicators.

A great debate on economic policy is gathering steam in Washington.

The central issue is whether the time is approaching to switch from policies restricting business growth to policies designed to stimulate growth.

The controversy swirls around inflation—whether it is still a major threat, or whether it already has been checked.

Arrayed on opposite sides—in the preliminary stages, at least—are the President's Council of Economic Advisers on the one hand, and the Federal Reserve Board on the other. The council believes inflation is under control. The Federal Reserve—as the country's monetary manager—still fears it.

• **Areas of Conflict**—Such questions as these are sharpening the differences of viewpoint:

- Is it feasible to use tight credit to try to roll back prices to a lower level, as some Federal Reserve officials would like to do?

- Do signs of softness in the economy indicate that the danger of runaway inflation is over, or are they merely preliminary to a continued price rise next year?

- Should credit be made easier and interest rates allowed to fall in the next few months to keep business from a real slide?

- Or should the Federal Reserve maintain its present intention of sticking by tight money through the early stages of the next downturn?

- Is a tax cut needed next year to give the economy a boost?

- Should the maintenance of a stable price level be made a formal and top-ranking goal of government economic policy by act of Congress?

I. The Forums

These questions will be debated in two forums—in Congress, when it meets next January, and inside the President's

new top-level committee organized to keep an eye on over-all economic policy—chiefly credit policy (BW—Sep. 21 '57, p23). The committee consists of the President as chairman; Treasury Secy. Robert B. Anderson, Raymond J. Saulnier, chairman of the Council of Economic Advisers; Gabriel S. Hauge, Presidential assistant for economic affairs; and William McC. Martin, Jr., chairman of the Federal Reserve Board.

The committee will wrestle with the conflicting interpretations of the business outlook, presumably in time to have its deliberations reflected in a series of messages Pres. Eisenhower must send to Congress in January.

• **The Bush Proposal**—In Congress, the Democrats will renew the attacks on tight credit and the Federal Reserve that they launched this year. Sen. Prescott Bush (R-Conn.) is offering defenders of the Federal Reserve a new rallying point: a suggested amendment to the Employment Act of 1946—the law that first laid out broad economic policy targets for the federal government and established the Council of Economic Advisers to help achieve them.

In the closing days of this year's session, Bush introduced a bill that for the first time would make the maintenance of a stable price level an explicit and major goal of federal policy.

II. Focus on Prices

Sen. Bush's proposal has had some surprising repercussions inside the Administration.

The move to include stable prices among the policy goals of the Employment Act got under way after Chmn. William McC. Martin, Jr., of the Federal Reserve recommended such action before the Senate Finance Committee.

The Employment Act in its present wording states that "it is the continuing policy and responsibility of the fed-

eral government to use all practicable means . . . to promote maximum employment, production and purchasing power."

• **Definite Language**—The additional language suggested by Sen. Bush commits the government to combat inflationary pressures as well, with special admonitions to the President and the Council of Economic Advisers to make stable prices a top consideration in whatever policies are recommended to Congress.

Critics of the Employment Act have long contended that, in its present form, it actually gives legal sanction to inflation if this seems the easiest way to maintain high employment. The purpose of the Bush proposal is to raise price stability to at least an even footing with high employment.

• **Deliberate Silence**—Actually, the Employment Act is silent on the subject of inflation—by deliberate choice of Congress. Several references to inflation in preliminary versions of the bill were dropped during the legislative process.

Many officials have assumed that the words "maximum . . . purchasing power" in the act refer to a stable price level. Chmn. Martin in his Finance Committee testimony seemed to take this view. But the history of the act raises some doubts. The references to purchasing power in the debates and hearings apparently were made with dollar incomes in mind, not the price level.

Even the Federal Reserve Act, which gives the Board of Governors its powers over interest rates and the availability of credit, is not specific about a stable price level as a goal of monetary policy. It uses only the broadest language, such as approving acts "to prevent injurious credit expansion or contraction." Congress has rejected efforts to make the language of the act more precise.

• **Administration Opposition**—It might seem on the surface that an Administration as dedicated to a stable price level as Eisenhower's has been would welcome the Bush proposal with open arms. Actually, it has been received with considerable caution and mounting doubts.

Senior staff members of the Council of Economic Advisers, polled recently on the idea, were unanimously opposed. The council is now obtaining the view of some 50 leading private economists.

Opponents grant that in a strictly

legal sense, the addition of price stability to the list of explicit policy goals would change their operations very little—if at all. The Employment Act does not create any new government authority, or confer any specific powers on the executive department. It is merely a declaration of broad goals and the addition of stable prices to the list would not change this.

- **Broad Objections**—But objections are being raised to the proposal even as a statement of broad purpose, for such reasons as these:

- The other goals cited in the act—maximum employment, production and purchasing power—are surrounded by special restrictions and qualifications. They are not to be sought, for example, except in a manner “calculated to foster and promote free competitive enterprise and the general welfare.” And employment sought by the act must be “useful.” No such limitations are laid on price stability in the Bush proposal, which—to some—grants undue weight to that particular goal.

- Many government economists feel it is unwise to stress specific goals such as stable prices—or maximum employment, for that matter—when what is really sought is an “optimum mix”—that combination of policies that will yield the greatest possible amount of sustainable growth and stability. For example, they generally have supported the Federal Reserve's fight against rising prices, even at the cost of a slight rise in unemployment. But under other conditions, they want to feel free to recommend high employment policies even at the cost of some price rises. What they want is maximum flexibility of judgment. And they fear that the Bush amendment would tend to put the Federal Reserve automatically in the driver's seat.

- **Necessary Evil?**—There is an additional point about the Bush proposal that career economists in government often raise—although cautiously. Sen. Bush's desire is to throw the full weight of the government against price rises—yet the unparalleled growth of the economy in the last 10 years has been accompanied by a 17% rise in consumer prices.

Most economists refrain from saying that the price rise caused the growth, or even was necessary to it. But they do brood over the statistical facts: While the economy has been expanding at a rate of 3% a year in real terms, prices have been increasing somewhat more than 1% a year—up to the current spurt.

They agree that the 4% rise of the past 12 months is clearly excessive by this historical standard, and probably harmful if long continued. But they also point out that on the evidence at hand, there is no reason to believe that price

increases of around 1% to 2% a year lead to runaway inflation and consequent depressions.

- **Uncomfortable Position**—They are uncomfortably aware that talk of this kind seems to put them into the camp of the creeping inflationists—or of such analysts as Harvard's Prof. Sumner Slichter. But unlike Slichter, most of them don't conclude that small price rises are a reasonable price to pay for economic growth. They just say we paid the price in the past, without the harmful effects that defenders of level prices greatly fear.

All this leaves them cool to the idea of making more out of stable prices as a goal than has been the case since Pres. Eisenhower took office. They feel the President's natural dislike for price increases is all the impetus the Administration needs in this direction.

III. Credit Policy

The debate over the next phase of credit policy hinges on what happens to business over the next few months. Immediate credit easing is not in the picture. But the significance of mounting signs of softness is the subject of sharp disagreement.

- **A Turn in Events**—The Council of Economic Advisers takes the view that a combination of events is robbing the boom of its real power. They cite the leveling off of business expenditures for new plant and equipment (BW—Sep. 14 '57, p23), the hold down on government spending, particularly defense spending. There are increasing signs of excess capacity in consumer goods lines, and the recent decline of many wholesale prices (BW—Sep. 28 '57, p163).

New studies of recent wholesale price movements are being completed that will highlight the spotty nature of current price rises. Of some 230 commodity groups, for example, all but three rose sharply in the broad inflationary movement that accompanied the Korean fighting. But since the wholesale price index began moving up a couple of years ago, a fourth of these groups actually have declined in price.

- **Peculiar Sensitivity**—This study will emphasize the difference between what has been happening recently, and what most people have in mind when they speak of inflation. The moral: We are in a period peculiarly sensitive to changes in demand, one in which the general price indexes can turn swiftly from increases to declines.

A principal point at issue between the council and Federal Reserve will be over the significance of the consumer price index, as an indication of what is happening to the economy. When this index rises, it is the popular symbol of inflation—and even the council's experts expect it to keep rising

for at least another nine months or so.

What they're saying is that the underlying trends are softening, no matter what the consumer price index is doing, and that government officials ought to be ready to start stimulating the economy even if the CPI inches up.

- **Fed's Warning**—The Federal Reserve will stress the CPI in defense of continued tight credit. Officials—following the lead of Chmn. Martin—have made it plain they consider current prices inflationary. They say they acted too vigorously in 1953, that they should have let prices drop at that time, before fully easing up on credit. The warning is plain: Next time, the Fed intends to keep the credit squeeze on longer, allowing prices to work their way down. Officials will not nail down their policy goals in quantitative terms. They explicitly deny that they have in mind any preconceived price level as an ideal.

- **Guide to Debate**—But it's possible to post a few specific guidelines to what the credit policy debate is all about, in terms of the three most familiar business indexes. Here they are:

- **Consumer Price Index.** The index is now at 121 (1947-49 equals 100).

Back in 1954-55, before the current rise began, the index was in the 114-to-115 range. To get prices back to that level would require a 5% drop. This is the most that any price rollback could reasonably hope to achieve.

- **Industrial Production:** This has been measured on the Federal Reserve index at 144 for the past three months (1947-49 equals 100). How big a drop in the production index would normally be associated with a 5% drop in consumer prices? Something well over 10%, if the past is any guide. Usually, a 10% drop in production has occurred when prices were dropping only 2% or 3%.

- **Unemployment:** It's now at 3.8-million. In 1954, when prices were at a level that would probably suit the Federal Reserve, unemployment averaged 5-million for the year. But in the meantime, the work force has jumped more than 3.5-million persons. So unemployment in the neighborhood of 6-million likely would be associated with a 5% price decline, and a drop in industrial production of more than 10%.

Dips of this magnitude would not—of course—mean a depression, or even a serious recession if they can be contained at those levels, to be followed by a renewed period of growth. But even so, the Administration could never fail to take action against a 6-million level of unemployment.

The council will be arguing that the time to start countering such tendencies is early in the game, while the Federal Reserve seems determined to hold out for a solid price dip at the consumer level before turning around on credit policy.



FANS FILLED the ball park regularly after the Braves moved to Milwaukee. It looks good, but for business the question is . . .

Does Big-League Baseball Pay?

With the Giants—and perhaps the Dodgers—moving west, what happens to a city's economy when major-league ball arrives? In Milwaukee, the answer is mixed.

This weekend, the Milwaukee Braves fans in the picture above finally have what they wanted—a World Series. By winding up its fifth Midwest season with the National League pennant, the team transplanted from Boston earned the chance to tilt with the New York Yankees—much to the gratification of as fervent a following as any ball club could crave.

Milwaukee's biggest current question is how the series will turn out. But to businessmen there is another question: Does big-league baseball really help a city's economy? The query is cogent not only in Milwaukee. Last week the New York Giants played—and lost—their last game in Manhattan's Polo Grounds; when they reappear in the spring, it will be far to the west as the San Francisco Giants. So San Francisco businessmen are wondering the same thing.

The question is also applicable in Los Angeles, Minneapolis, St. Paul, and other cities courting the major leagues.

- **Plus Values**—According to the Milwaukee Assn. of Commerce, the Braves meant \$25.3-million in new business for the city during their first four seasons alone. The figure is based on a survey of spending by Braves fans living more than 50 miles from Milwaukee. The average out-of-town fan dished out \$10.92 on each visit to Milwaukee—\$3.25 in restaurants, \$2.50 in retail stores, \$1.50 in night clubs, \$1 in hotels, \$1 for gasoline, 20¢ for local transportation, and about \$1.25 for miscellaneous items.

- **Dissident Views**—Despite these sanguine statistics, there is still some grouching among the very businessmen whom baseball is supposed to benefit.

"Beer and bratwurst are being consumed at the ball park—not in our restaurants," complains Elmer Conforti, secretary of the Wisconsin Restaurant Assn. Conforti says many patrons skip their regular meals and eat on the run when the Braves are in town.

Wendelin Kraft, executive secretary of the Wisconsin Tavern Keepers Assn., repeats the dirge. "Attendance is tremendous at Braves games—crowds of 35,000 and 45,000," he says, "but when the people leave the park, they're full of beer, peanuts, and hot dogs, and they don't stop at a tavern on their way home."

- **Balanced Out**—If Milwaukee retailers aren't quite so morose, neither are they happy. Says Robert Irwin, executive secretary of the Milwaukee Downtown Assn.: "Nobody looks down his nose at the influence the Braves have had upon the community as a whole. They have given Milwaukee something to hang its hat on. But they aren't an important factor either way to the merchants."

A prominent hotel man concedes that because of the games "people come in from Minnesota, Iowa, and Michigan who in pre-Braves days went to Chicago." But he adds: "One downtown club that used to serve 200 people an evening now has dropped down to 50 when there's a night game."

There's also some grumbling that the World Series encounters in Milwaukee were scheduled for Saturday and Sun-

day—not the best days for business—plus Monday if the Braves are lucky.

• **Summing Up**—What the complaints boil down to is that if there's more money loose around Milwaukee these days, it's somehow out of reach of at least some of the businessmen. There seems little doubt that baseball and its crowds of fans have brought more money to Milwaukee. But it may be spent in different ways. An addict of the Braves may part with loose change at the ball park instead of in a tavern, a hamburger joint, or the corner shoe store, the way he used to.

• **Money, Money, Money**—However the businessman has fared, there's no disputing that both the owners of the Braves and Milwaukee County—proprietor of the stadium where they play—have done very well indeed.

The owners, the three Perini brothers of Massachusetts, can smirk over the Braves' average of more than 2-million admissions per year. This season they broke their own National League attendance record. And in their first four Milwaukee seasons, the club netted

more than \$2-million, besides wiping out a \$991,000 deficit brought from Boston. In addition, prospects for the Milwaukee share of the World Series gate look "beautiful, just beautiful."

As for Milwaukee County, it put \$6.6-million into the stadium and parking facilities, in four years netted more than \$1-million.

Another big beneficiary of Braves baseball is Milwaukee's Northland Greyhound Lines, Inc., which arranges package baseball tours to Milwaukee from nearly every community in Wisconsin and four adjoining states. Northland Greyhound's charter service showed a net profit of \$97,000 last year while the rest of its operations lost \$150,000.

• **Intangibles**—But it's probably impossible to compute the biggest boon the Braves have brought to Milwaukee: the big league status with all that means in prestige and revenues. A Milwaukee brewery official puts it best: "Five years ago, a New Yorker didn't know Milwaukee from Minneapolis; now at least they recognize us."

Probers

THE TABLE on the right shows one thing for sure: The Democrats, who are in charge of Congress but out of the White House, are going fishing between now and the time Congress convenes in January.

They're fishing around in such troubled waters as they think will stir up a little anti-Administration, anti-Republican feeling amongst the citizenry—including the businessman.

The list shows that the countryside is being scoured in the hopes of putting some life into issues that up to now haven't done them much political good.

The hottest issue, of course, is integration. But as of this week, no member is volunteering to demand a hearing.

• **Carrot for Voters**—A tax cut next year is an issue dear to the heart of most voters. Congressmen know they don't have to drum up sentiment for a cut. The Senate Small Business Committee is holding hearings around the country in 11 cities. It will give small companies a forum in which to air their gripes about the tax bite and their recommendations for changes.

The only committee with power to originate tax legislation, the House Ways & Means Committee, is holding off until January on hearings that will give every tax cut proposal a place on the agenda. At this point, you have to guess that any bill they report out will provide for a cut for individuals, rather than relief for any other special class of taxpayers, such as corporations.

• **Odds**—Actually, chances for a tax cut will be helped or hindered by the business climate next spring. If the budget surplus is too thin, look for some key members—Republicans and Democrats alike—to hold out against any cuts, as they have for the past two years. Many of them still say, privately, the political appeal of a tax cut is overrated.

The Joint Economic Subcommittee on Fiscal Policy will talk tax cuts in November during hearings on the impact of federal aid programs on the economy. Chmn. Wilbur Mills (D-Ark.)—who is also a top man on the tax-writing Ways & Means Committee—will dig into the help or hindrance to business stemming from federal financing of foreign aid, natural resources development in the West, aid to housing, highways, and the like. The purpose: to find out if spending can be cut back without damage to the programs or economic expansion.

If Mills' 10-day session with some 80 top economists suggests that money could be saved, he'll see whether he can work the federal income-outgo picture around to support a Democrat-inspired tax cut—in case one becomes either

ICC Tells Trucker to "Reform or Quit"

Agency puts Riss, major trucker, on year's probation, threatens to lift license unless safety record improves.

The Interstate Commerce Commission this week put Kansas City's Riss & Co., one of the nation's biggest truckers, on probation for a year. ICC's ultimatum: Either end your pattern of accidents within that time or your license will be revoked.

The action against Riss, which operates 500-plus trucks in the East and Midwest, followed ICC threats against six truckers it said had bad safety records (BW—Sep. 7 '57, p36). It was by far the most drastic action ever taken by ICC—often rated one of Washington's sleepest agencies—in its effort to enforce safety regulations on the 18,000 truckers who operate some 300,000 trucks under ICC license.

• **Accident Record**—ICC based its threat to put Riss completely out of business on an accident record that the agency called "shocking." Said the agency, "During the years 1951 through 1953, Riss' vehicles were involved in nearly 1,200 accidents resulting in a shocking total of 51 deaths and 501 injuries. The total property damage resulting from these accidents was in excess of \$1.8-million. During 1954, its 275 accidents resulted in four deaths, 97 injuries, and property damage of \$273,000."

The attack on Riss and its safety record was started in 1950 by the Ohio Public Utilities Commission, which sought to revoke Riss' right to operate

on charges of "willful and flagrant offenses against highway and safety laws." When the state Supreme Court ruled that the PUC had no jurisdiction, the commission appealed to ICC.

In 1955, ICC instituted its own investigation, which reached a climax in the threat to revoke Riss' license.

• **Harassment**—In his defense before the federal agency, Riss' president Robert Riss charged that his company had suffered "harassing" actions by Ohio officials after 1950. These actions, Riss claimed, resulted from an attempt by the railroads to run him out of business. Meanwhile, Riss has filed a \$90-million antitrust damage suit against 84 railroads, and four railroad associations.

Riss argued that many of the violations charged against his trucks concerned weight regulations, which are a state matter and therefore not within the ICC bailiwick. ICC retorted that since it alone could license a trucker in interstate commerce, it alone could revoke the license.

ICC also rejected the argument that so large a company as Riss could not be held responsible for every error of its hundreds of drivers.

Informed of the agency ruling, Robert Riss indicated that the company would make every attempt to avoid the ultimate penalty, though he indignantly denounced the justice of the ruling.

Beat the Bushes for New Targets

Subject	Committee	What Investigators Want to Know	Where and When
TAXES	Senate Small Business	Needs of small business created by present tax laws. Recommendations for legislation	Boston, beginning Sept. 30, and moving on to 10 other cities
FEDERAL AID	Joint Economic	How much federal aid is needed to maintain healthy growth in various sectors of the economy—agriculture, housing, highways, aviation, shipping	Washington, Nov. 18-27
	House Government Operations	Local sentiment on shifting to states more of responsibility and cost of such programs as highways and school lunch program. Also, how inter-governmental cooperation can be made more efficient and economical in existing programs	Boston, beginning Sept. 30, and proceeding to eight other cities
ANTITRUST	Antitrust Subcommittee of House Judiciary	Whether consent decrees have been in best interests of government	Washington, begins Oct. 21
	Antimonopoly Subcommittee of Senate Judiciary	If antitrust laws need to be overhauled to meet pricing practices. Steel still on griddle, farm machinery next	Washington, late October
HOUSING	House Banking	Effect of new mortgage discount controls on housing starts; growth of multiple-mortgage financing	Miami, Oct. 8-9, Washington, later on
	Senate Banking	How slum clearance and urban renewal programs have made out	Chicago, starting Nov. 2 and proceeding to five other cities
FARM POLICY	Subcommittee of Joint Economic	Impact of GOP farm policy on family-sized farming	Washington, Dec. 16-20
	House Agriculture	How to narrow the spread between what farmer gets for his products and what they cost the consumer, including impact of trading stamps on grocery prices	New York, Oct. 8-9
LABOR	Special Senate Committee	Extent of racketeer infiltration in labor unions	Washington, this fall
	House Education & Labor	Whether to bring 2.5-million to 10-million more workers — retail, wholesale, others — under minimum wage coverage	Denver, starting Oct. 31, moving to nine other cities
FOREIGN TRADE	House Ways & Means	Pros and cons on extending Reciprocal Trade Act next year	Washington, late November or early December
	Senate Foreign Relations	Ways to help U. S. publishers and motion picture companies convert overseas earnings	Washington, Oct. 7
INCOME STATISTICS	Joint Economic	How well key figures used to measure GNP and other economic indicators measure the health of the economy	Washington, Oct. 28-31
PASSPORTS	Unamerican Activities	Why American students violated State Dept. objections and visited Red China	Washington, Oct. 22-24 (tentative)
SCHOLARSHIPS	House Education & Labor	Need for U. S. scholarships to help deserving students through College	Eau Claire, Wis., Oct. 28, and three other cities

politically or economically necessary.

• **Out of Steam**—One highly touted hearing has petered out. Last session, Democratic leaders in the Senate hoped their hearings on the Administration's tight money policy would be their No. 1 political missile. Chmn. Harry Byrd of the Senate Finance Committee was concerned about policies pushing up interest rates that added to the burden of the national debt. The main mover behind the hearing, Sen. Robert Kerr (D-Okla.), wanted to show that Administration policy favored bankers and big business borrowers at the expense of the government, businessmen, and consumers.

After two weeks of cross-examining

Treasury Secy. George Humphrey (BW-Jun.22'57,p23), the Democrats found that they were running out of steam—and out of headlines. The talk now is that the Democrats won't reopen the hearings until they are sure they will get public attention.

• **Other Issues**—Hearings sure to get in some political licks will be those involving farm policy, housing, and antitrust issues. Agriculture Secy. Ezra Benson and Administration farm policy will be under attack when a Joint Economic Subcommittee under Sen. John Sparkman (D-Ala.) opens up hearings in Washington in December. The upset election of Democrat William Proxmire for the Republican Senate seat of the

late Sen. Joe McCarthy of Wisconsin convinced the Democrats of the political mileage in blasting Benson.

A House Banking Committee under Rep. Albert Rains (D-Ala.) will look at the impact of the new mortgage discount controls on mortgage money and housing starts in hearings.

Administration antitrust policies will get their knocks on both sides of the Capitol. Sen Estes Kefauver (D-Tenn.) picks up his hearings on administered prices, with his guns still trained on the steel companies. Rep. Emanuel Celler (D-N.Y.) will check into the record of the Justice Dept. in entering into consent decrees—settling antitrust cases out of court through negotiation.

City Treasure Hunt Gives Radio a Boost

The New Yorkers pictured here scavenging like Bowery hobos aren't suffering mental or economic ills. They're hunting for \$1,000—and aiding indirectly in radio's resurgence.

For 30 weeks during the last two years, unwary New Yorkers have been alarmed when they turned a street corner and came face to face with a horde of fellow citizens, tearing up the earth of a vacant lot with their bare hands, or capturing every city pigeon in sight, or scouring every niche in the wall of some notable building.

After momentary panic they have discovered that the mobs are made up not of destructive delinquents but of treasure hunters searching for a coupon worth \$1,000, which is likely to be hidden anywhere in the city—even in a capsule attached to a pigeon's leg.

These metropolitan treasure hunters cover the city on the basis of clues they hear each morning over National Broadcasting Co.'s New York radio out-

let, WRCA-Radio. How the treasure hunters respond is shown in the pictures on these pages, taken last week by BUSINESS WEEK photographers who were party to the secret of where one \$1,000 coupon was planted.

• **In the Millions**—Indirectly, though, the pictures show something worth a whole lot more than \$1,000. They point to the fresh strength of radio, and in particular of morning radio.

It's on WRCA's morning radio program, "Pulse," that clues are read to the treasure hunters.

The \$1,000-a-week giveaways are gimmicks frankly planned by WRCA to promote wider interest in, and more advertising for, its morning program, rated fourth among New York's local morning programs by Pulse rating service (no kin to the WRCA program).

• **Rich Time**—Through all the postwar years, the morning hours, from 6 until 9 or 10 o'clock, have been the most valuable time of the day for any radio station. Television is supreme at night, but the morning audience for TV is small. (There are recorded cases of people who have turned on their TV

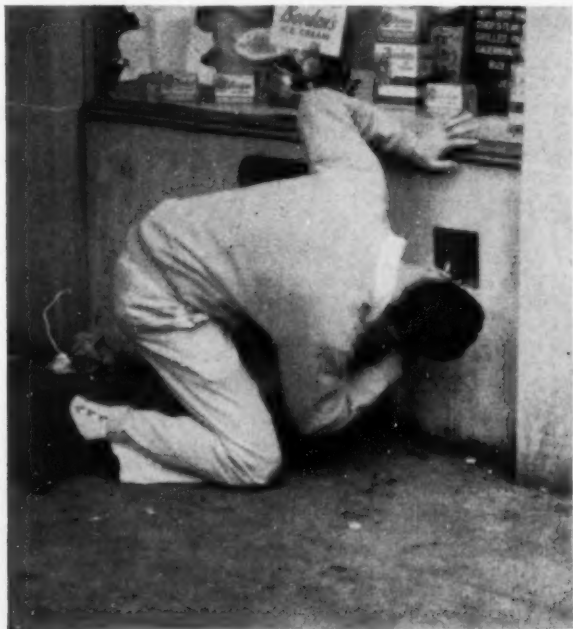


WEEKLY HUNT for \$1,000 starts when WRCA's Bill Cullen gives the searchers clues in cryptic rhymes by radio each day.





Clues given by radio lead treasure seekers near Manhattan bus terminal, where BUSINESS WEEK photographers, party to secret, keep watch.



GETTING WARM: On fourth day searchers start probing debris of an empty lot. For outcome, turn page.



Mailman Eladio Soto (nearest camera) probes "hot" area . . .



. . . strolls down sidewalk to other corner of the lot, then . . .

. . . comes upon \$1,000 coupon and, elated . . .



sets during, and even before, breakfast; but they're rare.)

• **New Radios, New Habits**—The new strength that radio has shown in the last few years (BW—Feb. 9 '57, p131) comes largely from local, not network, programs and to the local programs the morning shows have added their full share of strength.

Technology and changed living habits contribute to the morning programs' prosperity.

In technology, there's the development and widespread sale of cheap clock-radios. These have replaced the nerve-jangling alarm clock in millions of households. This kind of receiver is a boon to the broadcasters. Once the set switches on automatically sometime between 6 a.m. and 7 a.m. it's unlikely to be turned off for at least three hours.

Suburban living habits add their push. Commuters around the nation's larger cities now expect to hear word of train delays and highway traffic jams on the morning radio programs.

Weather reports, especially in the winter, are vital news to the commuters. Even in the city, the radio weather forecasts determine the choice of hat and coat for millions.

Finally, it seems the nation is more ready these days to listen to comprehensive news programs, so long as they're broadcast in the morning. News programs deemed flops even four years ago are getting steadily higher ratings.

• **National Pattern**—Eight of New York's radio stations broadcast morning programs that fit pretty much to this format. The pattern applies generally across the whole nation. In fact, it was from a Midwestern radio station that New York's WRCA borrowed the idea of the \$1,000 giveaway gimmick.

. . . gives a winner's grin.



Budget Goals: Higher, But Rigid

The surprising thing about the new federal budget figures in the table at the right, is that the spenders actually expect to live within them. For that reason, the figures represent a tough budget from Washington's viewpoint, even though spending for fiscal 1958 is estimated at \$72-billion, up \$2.7-billion over last year.

In recent years, the operating heads of the spending agencies have looked on budget estimates as desirable goals, but admitted privately they would spend more.

This time there's a change.

• **Strict Orders**—Only the Defense Dept. is willing to admit even the possibility of going over, so strict are the orders to hold down. And even in the Pentagon, the amount of possible over-spending is small: perhaps \$39-billion, instead of the \$38-billion target.

"And I'd hate to be the man responsible even for that," one key budget control officer confesses.

The new estimates for the current fiscal year—of which three months have already passed—are prepared for the annual budget review, published by the Bureau of the Budget after Congress has voted the necessary appropriations. It is later than usual this year because Congress remained in session longer.

• **Public Misconception**—The estimates themselves will be a disappointment to many people who got the impression that Congress actually had reduced this year's spending in its economy drive. Congressional leaders—mostly Democrats—encouraged this impression, even though they knew better.

What Congress did was take a big whack out of Eisenhower's original requests for authority to incur new obligations—not the same thing as spending. New obligational authority was cut almost \$5-billion. But some of this cut is merely a bookkeeping postponement of payments already required by law. The White House insists the real, solid reductions in new obligational authority—the kind that will lead eventually to spending cuts—total only about \$1-billion.

• **Real Story**—After the excitement and political hoopla of the biggest Congressional economy drive in years, the budget review tells the real story: spending up \$2.7-billion over the previous fiscal year and up a hair over what the Administration expected when it sent its first fiscal 1958 estimates to Congress last January.

There have been changes in the revenue picture, too. Tax receipts are expected to rise \$2.5-billion over those of last year, thanks almost entirely to rising personal income taxes. Corpo-

This is how federal spending looks, after the economy drive:

FUNCTION	(Fiscal Years in Billions)					
	1952-1953	1953-1954	1954-1955	1955-1956	1956-1957	1957-1958 Est.
Military	\$43.6	\$40.3	\$35.5	\$35.8	\$38.3	\$38.0
Other National Security	8.2	7.6	6.1	6.0	6.0	6.1
International Affairs7	.8	.7	.7	.8	1.5
Subtotal, National Security and International ..	52.6	48.6	42.8	42.5	45.1	45.6
Agriculture	2.9	2.6	4.4	4.9	4.6	5.0
Natural Resources	1.5	1.3	1.2	1.1	1.3	1.4
Labor and Welfare	2.4	2.5	2.6	2.8	3.0	3.4
Commerce and Housing	2.5	.8	1.5	2.0	1.4	2.2
Veterans	4.3	4.3	4.5	4.8	4.8	5.0
Subtotal, Benefits ..	13.6	11.4	14.1	15.6	15.1	17.0
Interest	6.6	6.5	6.4	6.8	7.3	7.9
General Government ..	1.5	1.2	1.2	1.6	1.8	1.3
Allowance for Contingencies	—	—	—	—	—	.2
TOTAL	\$74.3	\$67.8	\$64.6	\$66.5	\$69.4	\$72.0

And this is what happened to the surplus and public debt:

	(Fiscal Years in Billions)					
	1952-1953	1953-1954	1954-1955	1955-1956	1956-1957	1957-1958 Est.
Receipts	\$64.8	\$64.7	\$60.4	\$68.1	\$71.0	\$73.5
Expenditures	74.3	67.8	64.6	66.5	69.4	72.0
Surplus	—	—	—	1.6	1.6	1.5
Deficit	-9.4	-3.1	-4.2	—	—	—
Public Debt at End of Year	\$266.1	\$271.3	\$274.4	\$272.8	\$270.5	\$269.0

Note. — Detail may not add to totals shown because of rounding.

rations are expected to pay a little less into the Treasury this year, due to lower profits.

But this picture—bright as it is—is less cheerful than it appeared in January. Since the estimates were made in January the Administration has decided that corporation taxes will decline \$500-million—tantamount to estimating a decline in corporation profits of \$1-billion for calendar 1957. This drop is more than offset by an estimated \$600-million rise in personal income taxes. But other expected declines leave the Administration estimating \$95-million less in receipts than it had expected in January.

• **Tax Cut Prospects**—The big question is what all this does to tax cut prospects next year.

Budget Director Percival F. Brundage has some ideas on this, which are a good bit more optimistic than the bare figures might seem to justify.

A little rise in revenue, a little cut in spending, and he sees a surplus in fiscal

1959 large enough to justify a tax cut.

Unless the economy goes into a more severe downturn than most economists now expect, he might get the rise in revenues—perhaps \$1-billion more.

• **Fair Chance**—Brundage posts the Administration's tentative spending goal for fiscal 1959 at \$70-billion, \$2-billion below the target for this year. Few expect him to reach that, and he doesn't expect to do so himself. But he might squeeze out a \$1-billion cut, especially if Congress comes back next year still in an economy mood.

A billion less spending and a billion more revenue would add up to a \$2-billion rise in the surplus, on top of the \$1.5-billion expected this year. A surplus of \$3.5-billion would be enough for a tax cut, Administration fiscal experts agree.

• **Military Spending**—The key to tax cut hopes is military spending. The Administration has decided it cannot be cut in fiscal 1959, which means a target of \$38-billion next year, as well

as this year. And if the Pentagon doesn't even get down close to this level, all bets are off.

The problem faced by the military spenders is coming into clearer focus. A look at what they have to accomplish by half-years, arranged on a calendar-year basis, is the tipoff.

In the first six months of calendar 1957, military spending was at an annual rate of \$40.2-billion.

In the second half of 1957, the annual rate is expected to be \$40-billion.

In the first half of 1958, the target is an annual rate of \$36-billion.

In the last half of 1958, back up to \$38-billion.

Note that the big drop in actual outflow of dollars for defense goods is expected in the first half of next year. That means business in general has felt only the first tremors of the defense cutback so far, not the full effect.

Fed Brushes Aside Plea For Cut in Stock Margin

Spurred by deflated stock prices and declining volume in stock sales, Keith Funston, president of the New York Stock Exchange, this week appealed to the Federal Reserve Board in Washington to reduce margin requirements for stock purchases from the present 70% to "a normal 40% to 50%."

The Fed has raised the requirements from 50% in two jumps since January, 1955, as part of its tight money policy. This is the only selective credit control held by the nation's monetary managers. But in Funston's view, this specific control has become "largely superfluous as a credit weapon." As he sees it, high interest, not high margins, has cut down on the use of credit for buying stock.

Funston was speaking for stock exchange members, who have been hard hit by the decline in the volume of transactions. In April, 1955, when the 70% margin requirement was put into effect, the stock market averaged 2.7-million shares a day; in August, 1957, this dropped to 1.9-million shares.

The Fed is aware of this drop, as well as the decline in stock prices. But it wasn't heeding Funston's plea. It admits that stock margins are, in general, too high, but doesn't think a change is justified. Said one official: "We want to see a little cooling off in business sentiment."

The Fed also argued that if it did lower margins, it would give the public "a false impression" that a switch from its tight money policy had begun. "It would certainly look inconsistent to lower margins with one hand when we are fighting inflation with the other," observed one high official.

GE Reshuffles Its Roster

Realignment of top men gives rise to speculation that company is pulling back its decentralization program in favor of tighter central control.

A radical reshuffling of General Electric Co.'s top management structure—probably the most drastic since Ralph J. Cordiner became president seven years ago—took place last week. It left insiders and outsiders speculating on the reasons for the move. One immediate conclusion: GE, which has been a leader in decentralizing operations, giving wide autonomy to divisions, may be pulling back to tighter central control from the top.

The company has been operated with four vice-presidents, one for each of its major operating groups—apparatus; consumer products; electronic, atomic, and defense systems; and industrial components and materials.

This setup was established by Cordiner shortly after he took office in December, 1950, as part of his decentralization policy. In the new alignment, there will be only one executive vice-president—Robert Paxton, formerly executive vice-president, apparatus group. The four-area breakdown continues, but now the men in charge will be known as group vice-presidents, and all will

report to Paxton instead of directly to Cordiner.

• **The Whys**—The new appointment arouses some speculation that Paxton, as the official No. 2 man, may be in line for the presidency, and that it may be one method of grooming him for the job. This is generally discounted by people both inside and outside the company, who point out that Paxton, now 55, is already too old for the top job in terms of GE traditions (Cordiner became president at 50, Charles Wilson at 54).

The changes, says Cordiner, "have been accomplished to provide for increased demands on the company's executives and to assure balanced performance and growth across the full range of the company's decentralized operating activities."

• **New Faces at Top**—The titular reorganization also means some new faces at the top. Roy W. Johnson, executive vice-president of consumer products and senior of the four executive vice-presidents, apparently has been moved out of his job completely, and will serve as vice-president and consultant to his successor, James H. Goss. Goss was formerly president of Canadian General Electric, Ltd. According to some speculation, Johnson, now 52, was bumped partly because of weak market showings of some consumer products—particularly heavy appliances—and partly because of dissatisfaction with his production scheduling policies. J. W. Belanger and C. W. La Pierre continue to head up their groups respectively in industrial components and in the electronic, atomic, and defense complex.

• **Down the Line**—The top changes precipitate a host of other changes down the line. Paxton, head of the apparatus group, is succeeded by Arthur F. Vinson, former vice-president, manufacturing services. Into Vinson's spot steps Halbert B. Miller, general manager of the home laundry department. And J. Herbert Smith follows Goss as president of Canadian General Electric.

The latest shuffle comes on top of GE announcement two weeks ago that Lemuel R. Boulware—whose name has become almost synonymous with GE's labor and personnel policies—is being succeeded as vice-president in charge of public and personnel relations by Jack S. Parker, 39-year-old former vice-president and general manager of the aircraft gas turbine division.



Store-Top Highway

Tokyo's answer to traffic problems is an expressway built on the roof of a serpentine building that winds through the city. The roadway won't be finished until next year, but parts of the building are already occupied.

How to reduce prices

PPRICE of anything is the sum of the materials plus wages that go into it, including wages of the tools to make it. *Increase* any one and you raise the price, of course—and that is the dangerous cycle that is soaring toward explosion in America today.

But, too—*reduce* any one and you can reduce the price, of course. So—

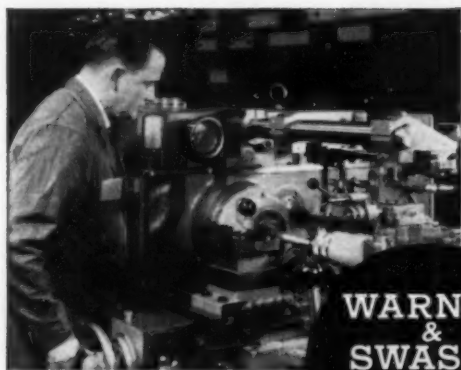
—cut out all the wages of money, the profit?

You could cut price only 12%—and there would be no taxes to support the government, no capital for new businesses, no new products, no new growth—and so there would be no new or better jobs. (And the suit you now pay \$50 for, would still cost \$44.)

—cut prices of materials? Most of such price is wages, so—

—cut wages? No one wants that. But if managers would invest in new machines, if government would reduce taxes to permit it, if workers would use those machines to greatest efficiency, then *cost* of everything they make would come down, prices could come down, more people could afford more things, and everyone would be more secure, including—*especially including*—the worker's job.

It's a 3-way responsibility. Since government is the most powerful of the 3, isn't it government's first move?



No. 5 Turret Lathe making a part
by following a template contour

**WARNER
&
SWASEY**

Cleveland

PRECISION
MACHINERY
SINCE 1880

A Long Last Act for GM Case

Discussion on disposal of du Pont's GM holdings brings no agreement between antitrusters and companies, so judge lays out lengthy legal steps, with decision many months away.

A conference in U. S. District Court in Chicago last week set the stage for final proceedings in the government's antitrust case against E. I. du Pont de Nemours & Co. and General Motors Corp. The final act will determine the method of compliance with the Supreme Court's decision last June that du Pont's 23% interest in GM violates the antitrust laws (BW—Jun. 8 '57, p. 11).

The conference left no doubt that the last act will be just as controversial and just as long-drawn-out as the acts that preceded. Differences were clearly evident as to how to carry out the decision, and there was no indication of any agreement that could shorten the schedule laid out for disposition of the case by Federal Judge Walter J. LaBuy to whom it was remanded by the high court.

Under that schedule, observers could see no possibility of a decision before spring at the earliest—with a strong likelihood of an appeal after that.

• **Issue**—The issue concerning du Pont's holdings in GM has apparently simmered down to one of divestiture vs. disenfranchisement. The government contends that du Pont must actually dispose of the 63-million shares of GM stock it owns.

Du Pont has countered with a proposal to relinquish voting rights in the stock, and to restrict du Pont representation on the GM board. The proposal includes a provision, however, for voting the stock with court sanction on important stockholder issues. Du Pont calls its plan, in effect, "divestiture of everything except substantially the right to receive dividends."

The government, Judge LaBuy was told, has turned thumbs down on du Pont's proposal—arguing, for one thing, that there should be less GM representation on du Pont's board as well as the other way around. Government attorneys insisted that the final judgment in the case must include complete du Pont divestiture of its GM stock. How that would be done has not been spelled out, though the government has said it would give du Pont up to 20 years to do it.

• **Timetable**—Last week's conference grew out of preliminary discussions between the government and du Pont last summer, in which Atty. Gen. Herbert Brownell, Jr., and high du Pont officials reportedly took part. George Reyecraft, U. S. attorney from

Washington, told Judge LaBuy it had seemed appropriate to explore first the possibility of agreement with du Pont.

The only agreement, however, seemed to be on procedure. Under the course set by Judge LaBuy, government attorneys will have the first turn at drafting a plan for him to consider. They will have 30 days to do it. Then the other side will have 60 days to draw up a counter plan.

Simultaneously, two Chicago attorneys appointed by LaBuy as friends of the court to look after the interests of du Pont and GM stockholders will be drawing up their recommendations. The court named Andrew J. Dallstream to represent du Pont stockholders and Manuel E. Cowen for GM stockholders.

That means that when Judge LaBuy sits down to study the case, he will have three sets of plans on his desk—in addition to the government's reply to du Pont's self-disenfranchisement proposal.

Then there will be further hearings. Some attorneys look for these to be limited to oral argument on the various plans; others believe further testimony will be necessary. But hearings, at least, are likely to be short.

• **Guiding Principle**—Judge LaBuy urged counsel to be mindful of his duty to frame "a decree that will protect the public interest in a manner least disturbing to the economy, and least harmful to the litigants and to the stockholders of the corporations involved." He pointed out that the outcome of the case could deeply affect the market and the value of du Pont and GM securities held by many thousands of investors.

Defense attorneys welcomed the expression of the court's guiding philosophy—and both sides indicated agreement that in no event should all of du Pont's GM shares be dumped on the market at once.

A GM attorney urged that stockholders should not be penalized "for having done no wrong." For du Pont, Hugh D. Cox of Washington argued that du Pont's own plan for relinquishing voting rights was the best way to carry out the Supreme Court mandate and at the same time to avoid injury to the public interest and to stockholders.



Thumbs Down for Another French Premier

Premier Maurice Bourges-Maunoury fell victim this week to parliamentary storms that often beset French governments in October—appropriations month in the Paris parliament. His four-month-old cabinet—France's 22nd since the Liberation—toppled when a majority of the National Assembly killed its proposals for electoral reform in Algeria. That way the depu-

ties voted on "patriotic" grounds, rather than on the economic issues that would have come later.

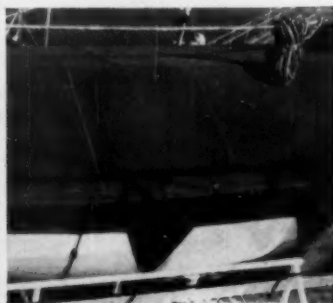
Some long, intensive dickering is expected to lead toward a new but still shaky coalition. But no solution is in sight for the Algerian war, for a farmers' revolt that left Paris markets without produce this week, or for a new round of wage demands.



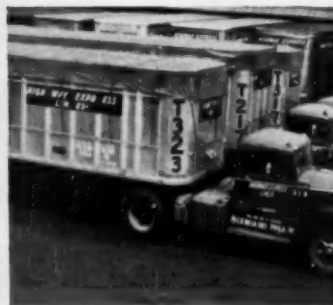
COATED NYLON fabrics are light in weight... make for easier handling when used to protect concrete construction work... simplify storage.



COATED NYLON—provides economical protection for equipment.



COATED NYLON—lifeboat covers are rot- and mildew-resistant.



COATED NYLON—durable, long-lasting protection for open-top trucks.

Coated Du Pont nylon fulfills today's need for waterproof fabric on hundreds of jobs

Coated Du Pont nylon fabrics now provide long-lasting protection in hundreds of ways... for open-top trailer trucks and costly equipment exposed to the elements... lifeboat covers and newly placed concrete on construction jobs, to name a few.

These durable covers of coated nylon are waterproof, economical, light in weight, easy to handle and easy to repair. A variety of coatings are available for many different purposes. When properly fabricated, covers of Du Pont nylon will last up to three times as long as other covering fabrics. In addition, they resist the damaging effects of rot, mildew, chemicals, exposure to weather and general hard wear. And they remain flexible even when used in sub-zero temperatures.

Look into modern coated nylon covers now. Learn how they are filling protective requirements on hundreds of operations. Your regular fabricator or fabric supplier will gladly give you further information, or write: E. I. du Pont de Nemours & Co. (Inc.), 5518 Nemours Bldg., Dept. BW-10, Wilmington 98, Delaware.



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COATED NYLON—long-wearing... easy to handle... lightweight
... waterproof... resistant to rot and mildew

In Business

• • •

Detroit Thaws a Bit to Small Cars; Olds Even Cuts Power for Economy

The U.S. auto industry this week continued its often reluctant inching toward smaller cars and fuel economy.

• Two more little European made cars are likely to appear on the U.S. scene next year, under American aegis. Studebaker-Packard will reportedly get rights to assemble and market the Goggomobile, a 70-in. German baby four-seater. Chrysler is shopping around for a small car to import. The British Standard Motors or the German Isetta 500 are top candidates.

• American Motors moves further out of the big car field. Its 1958 line will drop two historic nameplates—Hudson (1909) and Nash (1917)—with all cars carrying the Rambler label. Largest will be the “compact” Ambassador V-8 by Rambler, with a 117-in. wheelbase, followed by the Rambler Rebel (108 in.) and a new small car, the Rambler American (100 in.).

• In the fuel field, GM announced that the 1958 Oldsmobile 88 will have a special carburetor designed to improve fuel economy by 20%—at the expense of hallowed top speed. Sighed Olds general manager J. F. Wolfram, summing up Detroit sentiment: “It took courage to sacrifice our horsepower to get fuel economy.”

• • •

Air Force, in Drive Against Spending, Limits Monthly Payments to Contractors

The Air Force has clamped a ceiling on monthly payments to its major contractors for the remainder of fiscal 1958.

The action comes on the heels of a series of program cutbacks, stretchouts, and cancellations—all aimed at keeping Air Force spending under \$18-billion this year. Contractors have been asked to cut in-process inventories and to borrow money for work in progress before “raising any questions regarding [further] reductions in delivery schedules.”

However, cost savings from changes in production programs will not be felt early enough to keep spending under the \$18-billion ceiling—thus the new directive. Some contractors are already warning that the limit on monthly payments will mean new delivery delays.

• • •

Asian Flu—And Its Vaccine— Both Become More Prevalent

Asian flu continued to infect the nation's headlines, with sporadic outbreaks—some officially labeled “explosive”—hitting many areas. As of Sept. 21, the cumulative total of reported cases of flu and similar illnesses

hit 222,650, more than double the figure a week earlier.

A more cheerful note was struck in Public Health Service reports on the availability of Asian flu vaccine, with production finally catching up with predictions after a September lag. On Oct. 1, PHS released 2.8-million doses, bringing the total to 13.5-million doses, of which 8,245,772 were for civilian use.

Distribution of the vaccine, already under fire (BW—Sep. 28 '57, p54), was hit from a new angle when the Wisconsin Pharmaceutical Assn. charged that mass orders from big companies were making “priority distribution of vaccine meaningless to the average consumer.” Unsympathetic observers translated this to mean that retail druggists were moaning because vaccine manufacturers were selling directly to doctors and large users instead of going through trade channels.

Meanwhile, PHS attacked the flu with words as well as vaccine; companies can now buy in bulk a PHS leaflet, What You Should Know About Asian Flu, at \$3 for 100 copies. Single copies are 5¢ from the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

• • •

Ludwig Orders Five Super Tankers, His Fleet May Reach 3-Million Tons

Daniel K. Ludwig, the publicity shunning U.S. shipping tycoon, is taking a giant step ahead in his race with Greek competitors for ownership of the world's largest tanker fleet (BW—Mar. 16 '57, p105). This week he ordered five giant tankers, each of 104,500 deadweight tons, to be built at once in the shipyards at Kure, Japan.

The exact size of Ludwig's National Bulk Carriers fleet has not been revealed. But it is believed that the addition of the new ships, with deliveries starting late next year, should bring it to around 3-million deadweight tons.

The new ships—900 ft. long and with a beam of 135 ft.—are hopelessly too big to use either the Suez or Panama Canals. Washington sources say they will be used to carry oil from the Persian Gulf to Japan under a long-term contract with a major U.S. oil company.

• • •

Business Briefs

The Swiss government plans to sue the U.S. in the International Court of Justice, demanding return of the General Aniline & Film Corp. to its original owners. The U.S. seized the company's \$100-million assets during World War II on the grounds that its parent Interhandel Corp., a Swiss holding company, was German owned. The U.S. has planned to sell the GAF stock (BW—Aug. 3 '57, p36).

The New York Herald Tribune this week confirmed that it was obtaining outside money from John Hay Whitney, U.S. Ambassador to Britain, to press its editorial expansion under the regime of Pres. Ogden R. (Brownie) Reid (BW—Sep. 28 '57, p48). The Reid family retains control of the paper.

EXTRAORDINARY BEARING PROBLEMS?

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Cross sections from $\frac{1}{4}$ " to 1" and 4" to 40" bore diameters. Same sizes available from stock.

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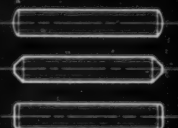
NEW!



Type KN

Standard sizes — in stock

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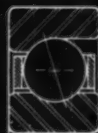


Spherical, conical or flat-end types

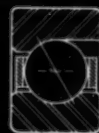
RADIAL BALL BEARINGS



Conrad design, types LC, HC and BLC

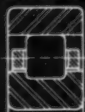


Maximum capacity design, types HM, BLM

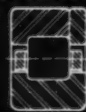


Angular contact design, types HA, BLA

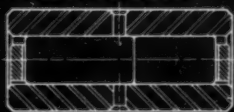
RADIAL ROLLER BEARINGS



Lipped inner, straight outer race types RN, RX and RNW



Lipped inner, one lip outer, side ring type RP

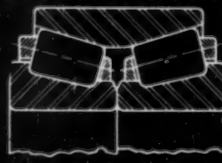


Straight inner, straight outer, mill type RM

TAPER ROLLER BEARINGS

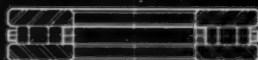


Single row type TS



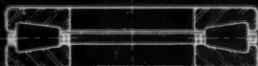
Two row, non-adjustable type TNA

THRUST ROLLER BEARINGS

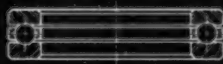


Straight roller, flat races, type RT

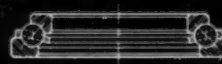
Conical rollers, type RTC



THRUST BALL BEARINGS

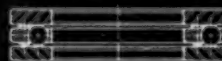


Grooved race type BT



Angular contact type BTA

Flat race type BTE



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General Contractor:

DANIEL CONSTRUCTION COMPANY, Greenville, S. C.

Textron's first fully integrated woolen mill is equipped with JENKINS VALVES

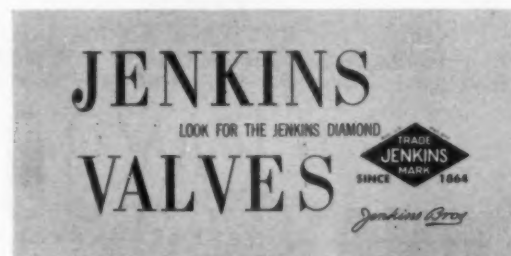
The nation's largest woolen mill, with weaving, dyeing and finishing facilities all under one roof, occupies 430,000 square feet at Barnwell, S. C. This huge plant, operated by Amerotron Corporation, a Textron company, contains the most modern equipment that textile technology and modern engineering could provide. Utilizing U-shaped production flow, the Barnwell Mill achieves the utmost in economy of movement and handling of raw and finished materials.

The equipment for this ultra-modern, air conditioned plant was selected to match the efficiency and advanced concept of the building design. To control much of the complex piping system, Jenkins Valves were the unanimous choice of Textron's management and the engineers and contractor involved in this project.

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Example of the wide variety of sizes and types of Jenkins Valves required to control the complex piping system of Textron's new Barnwell Mill.



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WASHINGTON OUTLOOK

WASHINGTON
BUREAU
OCT. 5, 1957



The Administration faces the toughest economic decisions it's had to make in four years—since the business downturn of 1953. That downturn came just in time to help lose the 1954 Congressional elections. GOP strategists hope to avoid this kind of trouble next year.

But look at the problem the Administration's policymakers face.

They want to have inflation licked before the housewife vote can singe them next November. Yet most forecasters expect the consumer price index to be higher then than now (page 39). Politically speaking, this is where price increases hurt the most.

Keeping credit tight is the way to check inflation, Administration policymakers agree. It's tough, though, politically, even when business is booming in the early phases of a broad upturn.

But this boom has the look of topping off. From now on, the longer tight credit stays in effect, the louder the complaints from businessmen, farmers, consumers. Democrats will move fast to exploit this opening when Congress meets in January.

The possibility of a broad business softening between now and Election Day is an even greater political peril for the Administration. Carried too far, credit restrictions can throw the economy into a tailspin almost in a matter of weeks. The Federal Reserve Board doesn't want this, and is sure it can ease up on credit at the right time. But Administration economists worry.

They know that regulating the supply of credit is not a science—that it's an art that even the most skilled central bankers don't claim to understand completely. Good money managers have made mistakes before.

White House economists fear Martin is leaning toward an over-tough policy this time. If an error is to be made, they want it made on the side of easing money too soon, rather than too late.

—•—

Eisenhower has to make up his mind rapidly on crucial issues. Work is already commencing in the White House on the messages to be sent to Congress next January spelling out Administration strategy.

Spending. Look for a turnaround. For three years, Administration budgets have presented to Congress a mounting spending program along New Deal-Fair Deal lines—more welfare, more public works. But this year's experience with an economy-minded Congress was a shocker. So January's budget message will be heavy with economy talk.

The first spending requests from the agencies will be disappointing to the economizers. They'll be on Budget Director Brundage's desk in a few weeks. Instead of the \$70-billion spending total he'd like to see for next fiscal year (page 47), they're going to come closer to \$75-billion.

The agencies will be cut. But the big slashes now will have to come out of civilian, welfare-type programs—urban renewal, housing, farm subsidies, public works. Reason: The military spending of \$38-billion for fiscal 1959—same as this year's—is as low as the experts say it ought to go. Big problem is to get it down to that level.

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
OCT. 5, 1957

Taxes. The Administration is preparing to justify a cut. You already hear one familiar line: Cut tax rates, and you'll eventually get an increase in tax income from an expanding economy. This was how the Administration justified an \$8-billion slash in the big tax revision of 1954.

Now there's a new line on tax cuts being anti-inflationary. It goes like this: When you cut individual taxes, you raise take-home pay, thus damping down labor's arguments for pay increases, thus damping down one of the major inflationary pressures on prices.

—•—

The Democrats are ready to take advantage of any opening. The integration fight has split them wider than they've been for years—and their top strategists know their best hope is to go over to the offensive, try to make the Republicans look bad. Economic issues—cost of living, inflation, tight money, low farm income, taxes—are their best bets.

Business slide would give them a field day.

—•—

Eisenhower Republicans want more power in the Senate. They see their chance in Sen. Knowland's race for the California governorship.

They expect Knowland to give up his post as minority leader by next spring. The figuring: He'll have to give all his time and attention to the hot and heavy campaign against incumbent Gov. Goodwin J. Knight.

Dirksen of Illinois would become new minority leader, moving up from his job of Republican whip. This whip job is the one the Eisenhower Republicans are jockeying for.

Sens. Case of New Jersey and Allott of Colorado want the job. The White House, needing better Congressional liaison, would be happy to see either one of them get it. Eisenhower, for the first time, would have one of his own in the Senate leadership. And Eisenhower senators would have a man at the regular White House strategy breakfast in the White House.

—•—

The latest turn on integration hardens political lines, widens the growing rift between the GOP and the South, between the Northern and Southern Democrats. This pushes the moderates farther into the background. Those Southern governors who risked their political standing at home to work with Eisenhower and Brownell have lost ground.

Both sides want an accommodation, but the outlook points in the direction of more Little Rocks, rather than an end to trouble.

Appeals to the Supreme Court on integration are still being made. The court has four racial cases already on its docket for the new fall term:

- The constitutionality of Virginia's attempt to bypass the integration decision through a pupil placement law that doesn't mention race.
- The legality of the NAACP's refusal to give an Alabama court its records in a law suit designed to stop its operations there.
- John Kasper's appeal of his Clinton, Tenn., contempt-of-court conviction on the grounds of abridgement of his right to freedom of speech.
- A Negro law student's appeal from a Florida Supreme Court postponement of his admission on the grounds of threatened violence.

The court will stick to its basic rule that integration must proceed "with all due deliberate speed." The high court will stick by rulings made by the federal district judges supporting integration.

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Today's used car buyers have more money—and want all the fixings there are.

Used Cars Go In for Class

They're getting ritzier, are offering performance guarantees, are attracting solid and well-heeled buyers—and are selling briskly, with gains as new car prices rise. But what all this means for the 1958 new car market isn't clear yet.

The multiple trimmings on this fancied-up station wagon are a far cry from the picture of a clanking, wheezing jalopy that the words "used car" may once have conjured up. They point up how far the used car market has come—today's used car buyers want no hand-me-down relics, but late-model cars loaded with the sort of extra equipment this used station wagon carries.

Last week a further sign of the growing importance of the used car market as a respectable business all its own came from Universal C.I.T. Credit Corp., big auto finance company. Universal C.I.T. formed a subsidiary to provide year-long guarantees on used cars against major mechanical breakdowns—the latest entry in a field pioneered by National Bonded Cars, Inc.

Sales and highway figures give added evidence of the major role of used cars. Of the 52-million passenger cars on the road in the U.S., estimates based on figures of the Automobile Manufacturers Assn. put the number bought as used cars somewhere between 30-million and 35-million. Roughly, auto people estimate that three used car sales are made for every two new car sales. For this year that would figure out to some 9-million used car sales—besides an unknown number of unreported "curb sales" between individuals.

• **Special Mark**—This ready market for used cars, like the annual model change, is a special mark that sets the U.S. auto business apart from that in any

other country. Any Detroit stylist will tell you: "We design used cars." The factory that pays him will echo: "We're in the used car business."

What they mean is such a simple economic fact that it's often overlooked. No dealer who hopes to prosper dares trade a new car for a used vehicle that can't be resold. An owner who couldn't sell or trade his car would not be a customer for a new car.

That's why the stylist is concerned about how his designs will look on the used car lot a few years hence, and that's why the auto companies chart the used car business as carefully as they watch the market for new cars.

• **No Clear Focus**—Detroit has always kept a sharp eye and ear focused on what's going on at the used car lots, comfortable in the belief that this activity gave it a fix on the future. But today the eye has astigmatism and the ear hears Babel-like voices. The future—specifically the shape of the 1958 new car market—remains from this angle something of a blur.

Used car sales in most parts of the country are brisk—even in the normal dull spot before the new models come out—and prices are good and even getting better. But though changes are taking place in the used car market, there are no hard lessons visible as yet for the new car business. It has never been exactly clear whether the curve of used car sales leads, trails, or just parallels new car sales; right now expe-

rience gives little clue to what's ahead for new cars.

• **Some Unanswered Questions**—BUSINESS WEEK reporters across the country heard from used car dealers some intriguing reports of shifting trends—but mostly, these raised more questions than they answered.

• Used car buyers seem to have more money now than in the past. But does this mean they are new car buyers frightened away by new car prices? Or are they shopping for a second or third car?

• The number of used car buyers is growing. But is this merely a sign of increasing car ownership, with young wage-earners coming into the market for the first time? Or is it a sign that fast-growing used car guarantee insurance plans—first launched only a few years ago (BW-Dec.17'55,p44)—have given car prospects greater faith in the reliability of used cars?

• There seems to be more older people buying used cars now than in recent years. Is this another sign of multiple car ownership? Or is it a sign that new car prices are too high for people whose income has reached a peak?

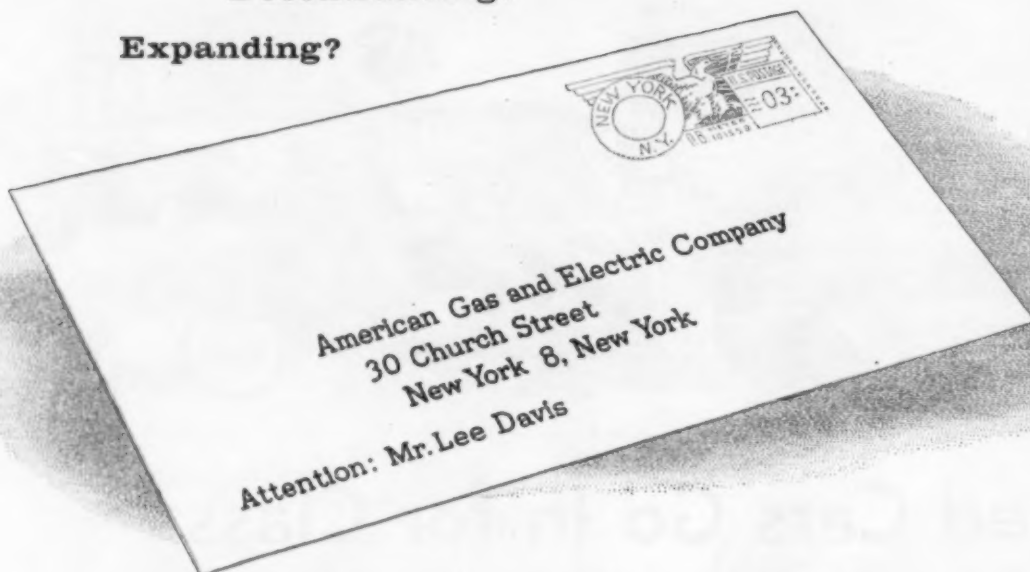
I. Cost Consciousness

One way or another, though, the subject of new car prices, and how they influence the used car market, kept cropping up in most of the talks with used car men. But here, too, the trend leads in several directions at once; the price and credit situation switches some buyers into the new car market, sets others to hunting up the used car lots.

• **What Sells, and How**—"I'm buying every 1956 model I can lay my hands on," says an unfranchised dealer in Co-

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"... after they see the 1958s and see the price, we'll have them back looking at used cars ..."

USED CARS starts on p. 59

lumbus, Ohio. "When the new cars come out, there'll be a lot of people in here looking for these '56s. I can sell them a '56 car for \$1,795 to \$2,295, while the same cars in '57 models would cost them \$3,200 to \$4,100."

This comment—somewhat paradoxical at first glance—reveals two characteristics of today's used car market:

- For one thing, a one-year-old car does not sell nearly so well as a two- or three-year-old vehicle—it's the price factor again.

- For another, some dealers feel the credit structure is lopsided. Usual terms on late-model used cars are one-third down and no more than 24 months to pay. For almost anything older than two years the maximum term is less than 20 months. But on a new car a buyer puts down as little as \$300 to \$400 and has 36 months or more to pay the balance. This means that some younger buyers, particularly, are going for new cars when by all economic standards they should shop the used car lots.

So for many car buyers, it boils down to a choice between a new car at easy terms, or a two-year or older used car. The terms on a one-year-old vehicle are just too stiff relative to the price of a new car.

- **Buyer Types**—Talking about the marginal buyers who go for new cars because of easier terms, a Los Angeles dealer says: "They seem to be willing to bite off much more than they used to. The thought of payments stretched out over two or three years doesn't scare them, even though it sure scares us."

But—perhaps as a byproduct of this very trend—there is no lack of credit for used car purchases, most dealers assert. That's because your usual used car buyer has the money, and tends to be a conservative fellow. If he was going to try to buy a car on marginal credit standing, he would shoot for the easier terms he could get on a new car. Perhaps instinctively, the used car buyer knows he is going to have to meet more rigid credit requirements; he seldom tries to stretch his pocketbook.

- **Scared Off**—A corollary to this is that used car dealers feel very definitely that many of their present buyers would be buying new cars except for the high price. A Washington merchant says, "Nearly everyone would really prefer to have a new car, but most of our customers just can't afford them."

You hear the same story throughout the country. In some places, Pitts-

burgh for example, used car sales have slowed down because of the imminence of the 1958 models. People hold back, the dealers say, waiting to see what the new models will be like. "But after they see them, and see the price," one dealer says, "we'll have them back looking at used cars."

- **Seconds and Thirds**—Still, there's an uncertain element in this picture of well-heeled, substantial citizens haunting the used car lots. Pinned down, many dealers will tell you it's really only a guess that these are all would-be new car buyers. There's also some evidence they might be shopping for a second car, or even a third car for the kids. According to an estimate of an American Motors official in Detroit, more than 5-million families now own more than one car, and the number is growing rapidly. Undeniably, most of the extra cars in a family come off the used car lots.

"A lot of the used car market," says a man in Kansas City, "seems to be stemming from the fact that suburbanites, faced with the need for Junior to be at a piano lesson or Susie to be at a Bluebird meeting when father has the car downtown, are shopping for a second car."

- **Foreign Threat?**—But what about the foreign cars, so often heralded as the ideal second car? It's a rare used car dealer who will admit he loses any business to foreign cars. But it's also rare that he doesn't let fall some remark showing he is aware of the threat. There's the dealer, for instance, who denies the foreign cars have hurt the used car business, but adds that if they do, "we'll buy 'em and offer them on our lots."

Generally speaking, however, the used car dealers think the foreign car buyer is a type apart.

- **Gain in Reliability**—Whatever the reason—price resistance to new cars, or need for second cars—the used car lots are seeing a more solid type of buyer. Most dealers will tell you this is because car prospects feel used cars are more reliable than once was the case. For this, a score of used car guarantee insurance companies can take a lot of the credit.

II. No Pig in a Poke

"We used to exercise the Five-S program for reconditioning," a Detroit used car merchant says. "If it starts, steers, and stops, shine it up and sell it. But that's no good these days."

Part of the reason that approach doesn't work is, of course, the customer's greater selectivity, on which numerous dealers commented. But another strong factor is the growth of car guarantee plans. There are a number of them, pioneered by National Bonded Cars, Inc.

Last week's jump into the field by giant Universal C.I.T. Credit Corp. is one easy-to-read sign of how fast these plans have come along. You can find another in the rapid sprouting of the pioneer, National Bonded Cars.

Two years ago, it had about 1,000 franchised dealers and 100 inspectors, and about 40,000 cars on the road carried its warranty, with another 10,000 or so awaiting sale. Today, National Bonded Cars has about 80 district and branch offices, with some 4,000 participating dealers, and boasts that "hundreds of thousands" of NBC-warranted cars are on the road.

Not all dealers subscribe to the plans; indeed many dealers sniff at them. But because of the existence of such plans, all dealers have to do a better reconditioning job on their used cars.

Most plans accept cars no more than five years old. The dealer has to put them in such condition that they will pass an inspection by a representative of the bonding company. For cars that can pass this inspection the bonding company guarantees the owner for a full year against major mechanical breakdowns.

- **Gripes**—Dealers have a number of specific criticisms of these plans. Says a dealer in Charleston, S. C.: "The year's guarantee misleads the public. It doesn't cover tires, batteries, electrical system, and so on, only the major stuff. It applies only to late models—and they don't have that kind of trouble." A Washington dealer, referring to the plan he used for a brief time, says, "There was too much fine print in it."

Most of the criticism has its basis in economics, and the costs involved in the reconditioning and guarantee. A Columbus dealer explains: "It would add \$50 a car to my cost of doing business. If I sell 75 cars a month, that's \$30,000 in eight months. And I don't know whether the customer cares enough to pay me that extra \$50 or not." Dealers complain that \$35 to \$50 is entirely too much to tack on to the cost of a used car; it's dickered away in the selling process, leaving the dealer out of pocket.

The most telling blow, though, is not at the plans themselves but at the philosophy behind them. "A reputable dealer," says a man in Albany, "doesn't need it." Another says, "I think any franchised new car agency with a good reputation would be silly to offer it



Pay dirt!...year after year!

No need to head West to find "pay dirt": it may well be going up your factory stacks! It's a fact that Buell Dust Collection Systems, in nearly every case, recover dusts that pay for the entire installation in just a few years!

There's an easy, sure way to find out if this is true in your plant: just ask Buell to make an analysis. Buell engineers will tell you, in a short, accurate report, what dusts that pay for the entire installation in just a few kind of dust collection system you may need to recover them.

A history of hundreds of installations and many years of experience in field and laboratory backs up every analysis. Performance standards are written into each installation contract.

- For more information, write for a copy of the booklet, "The Collection and Recovery of Industrial Dusts." Just write to Dept. 30-J, Buell Engineering Company, Inc., 70 Pine Street, New York 5, N. Y.



buell®



Experts at delivering Extra Efficiency in
DUST COLLECTION SYSTEMS

when they could set up their own program at much less cost."

- **And Bouquets**—But the criticism is more than balanced by the praise for the plans, particularly the National Bonded Cars setup. Most dealers are more concerned with such a plan as a sales aid to reassure the customer than with any reflection on the reputation of car dealers.

From Philadelphia comes the comment, "It is a good selling tool if it is used well." And from Atlanta this flat endorsement: "We think the National Bonded plan has helped our sales. It certainly hasn't cost us anything, and the customers seem to get a lot of satisfaction from having the guarantee."

III. What's Ahead

With the guarantee plans, with the new type of customers, with the high prices of new cars, the used car dealers generally find this a fairly good year. But there are some exceptions.

A dealer in Columbus wails, "They buried the man who makes business in July and there hasn't been any since." In Detroit, where there has been a high level of unemployment all year long, in Baltimore where there have been some layoffs, in other cities where for one reason or another there is some unemployment, all car sales are slow, and this is reflected in the used car market.

- **Supply of Trade-Ins**—Whether or not there's any exact correlation between new and used car sales, it is obvious that if new cars are not moving at a fast clip there are not many trade-ins being fed into the used car market. In such a case, business there also is inclined to slow down.

But you get the feeling, listening to used car men, that the high price of new cars has counteracted this, and has been the major factor in making 1957 such a good used car year. It has tended to hold down new car sales. But as far as the used car market is concerned, it has merely pinched the supply of trade-ins just about enough to maintain the right amount of scarcity and so keep prices firm.

- **Portents for 1958**—Does this mean anything in particular about the 1958 market?

Not necessarily, say dealers. But they hedge in both directions. With 1958 new car prices bound to be higher than in 1957, some dealers look for a repetition of 1957 on the new and used car market. But others point to the same circumstance that makes Detroit feel optimistic about 1958 new cars: The people who bought cars in 1955—Detroit's record year—will have enough equity in their cars—if they have not paid them off completely—to be back in the market again. **END**

The American Market: a Look Ahead

Self-made chef shares her secret

The secret of her continued success as a "good cook" is plain to see: just turn any food package over—note the *choices* of "how to prepare." Today's packages *teach*, as well as protect and promote a vast variety of foods.

How do modern shoppers like these built-in cookbooks? The figures speak for themselves. Ten years ago, for example, shoppers spent \$25 billion for packaged foods. Last year, *better than double that amount*—a whopping \$50 billion plus.

Marathon, America's largest supplier of food packaging, has played a big part in this marketing and cooking revolution—with colorful packages that whet the appetite and promote sales . . . with "back-o'-the-pack" recipes that simplify meal selection and preparation.

As new forms of food develop, Marathon packages will help introduce them—at a cost attractive to processors and shoppers alike. For Marathon controls every step of production—from tiny trees to finished printed packages.

MARATHON CORPORATION

Menasha, Wisconsin

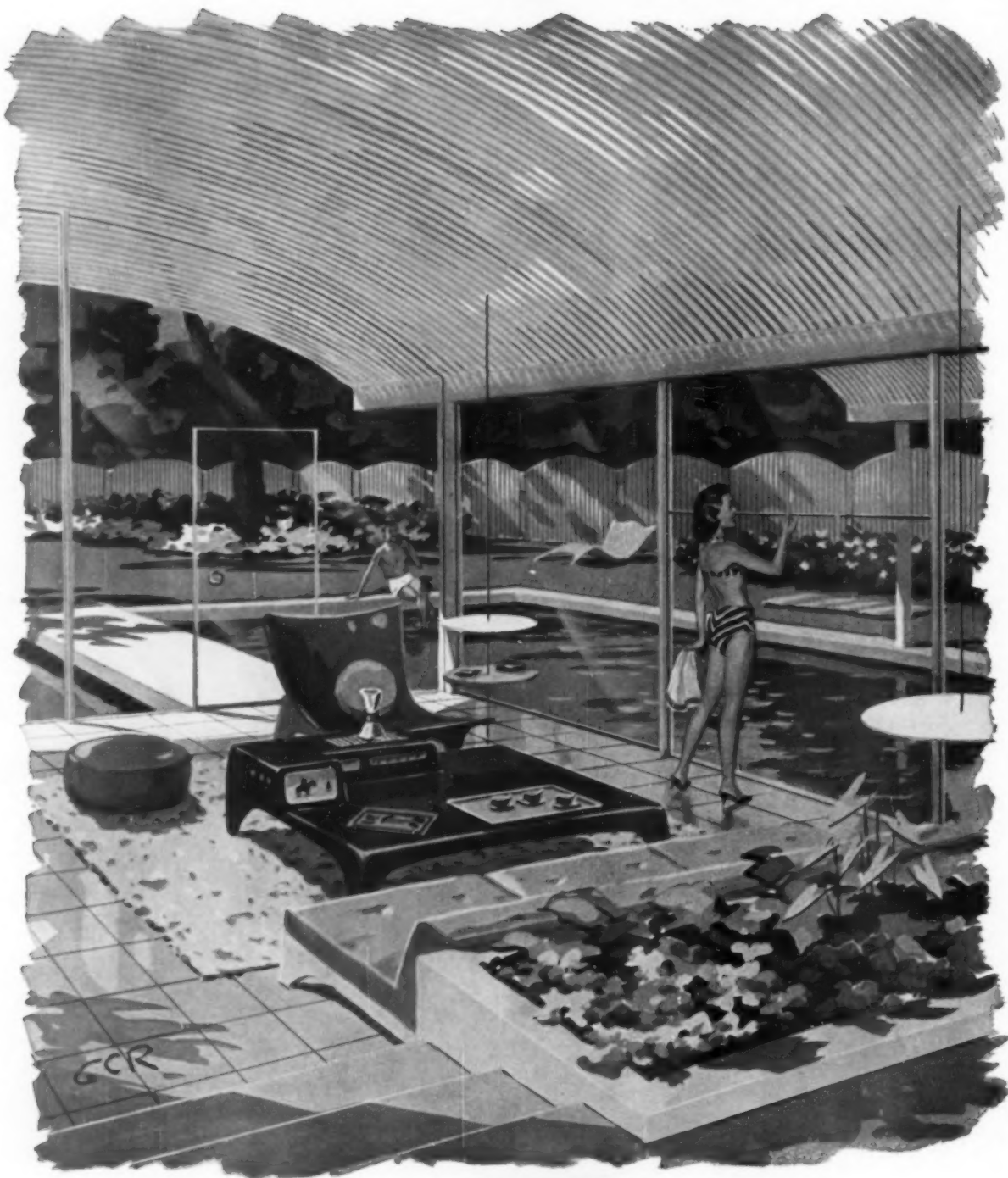
In Canada: Marathon Packages Limited, Toronto



Things look bright where **MARATHON** goes to Market



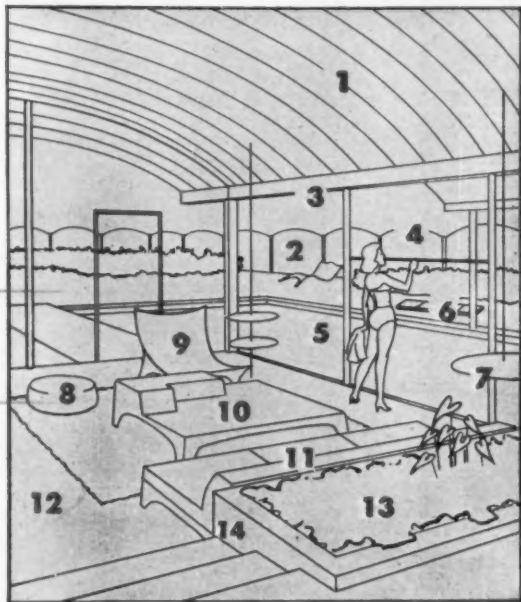
From **BAKELITE'S**



GEORGE COOPER RUDOLPH, AIA,
who conceived this modern interior, states,
"There is virtually no limit to the imaginative use
of plastic materials—to make more functional,
yet attractive and livable homes."

many different plastics come...

Modern Materials for Modern Living



Here's imaginative use of plastics! **1** Neat, clean, and self-supporting, the roof is made of reinforced plastic curved for strength. Light is pleasantly diffused. The same material also provides a colorful, lightweight fence **2** easily shaped with ordinary tools. **3** Air conditioning ducts are strong, lightweight, corrosion-resistant sandwich panels of phenolic foam between reinforced epoxy skins. **4** Sparkling transparent biaxially-oriented styrene film rolls up like a window shade. The swimming pool **5** is built of foundation material lined with a colorful and durable pool liner of vinyl film. **6** Colorful cushions covered with vinyl upholstery take plenty of wear, resist sun and cleaning agents. **7** Strikingly simple lighting fixtures use a combination of phenolic and styrene plastics for unusual effects. **8** Upholstered hassock has a one-piece vinylfoam core with durable, integral skin of colorfast vinyl. **9** Contour chair of reinforced plastic cleans easily, resists chipping, scratching. **10** Integrally molded phenolic table is stain- and scratch-resistant, features color television, and built-in electric hot plate. **11** Couch covered with vinyl fabric permits dramatic texture effects without problem of fragile fabrics. Vinylfoam core keeps shape and provides maximum comfort. **12** Flooring of tough, colorful vinyl tiles resists scuffs, soil, alcohol, cleansing agents, is easy to keep clean. **13** Flowers and vines planted in polyethylene pots maintain their attractiveness for a long time and a film liner of polyethylene keeps moisture in the planter. **14** Exterior of planter is protected with a vinyl masonry paint that resists moisture and wear.

DID YOU KNOW that the printed or plated circuits required in miniature radios and other electronic equipment are made on strong, reinforced sheets based on BAKELITE Phenolic Resins.

**A famous designer visualizes
how you could build tomorrow's home
with the versatile plastics of today.**

Designs take new forms, products new color, new durability, new freedom from care... and new customer appeal when the advantages of BAKELITE Brand Plastics are applied with imagination and skill.

One key to design ingenuity is the selection of the plastic with properties best suited to the job. At Bakelite Company, you will find vinyls, phenolics, styrenes and impact styrenes, polyethylenes, epoxies and silicones... the greatest variety available to fill the most discriminating requirement.

But matching materials to the job is only part of the answer. Bakelite Company's vast knowledge and years of experience in the field are the extra measures that can help you make and market a better product—for business, industry, or the home.



Ceilings take on new importance when they glow with soft, warm light. Translucent panels of BAKELITE Rigid Vinyl Sheet can transform your ceilings into an attractive light source. Lightweight and durable for easy cleaning. They are permanent and they resist discoloration, moisture, and most chemicals.



A rainbow by the gallon! New interior wall paints based on BAKELITE Vinyl Latex are famous for their wide range of hues, easy application, permanence. They are easily stored, give a tough finish that can be scrubbed only a few hours after application. Manufacturers find them easy to formulate, too.



Dramatize storage space with drawers molded of BAKELITE Phenolic Plastic. They're rigid, easy-to-clean, and one piece, unaffected by heat or humidity. A range of sizes allows you to design almost any shape storage area... room divider, desk, bureau, merchandise rack. They're exceptionally easy to install.

A leader in the world of plastics...

BAKELITE

BRAND

PLASTICS



BAKELITE COMPANY, Division of Union Carbide Corporation, 30 East 42nd Street, New York 17, N. Y.

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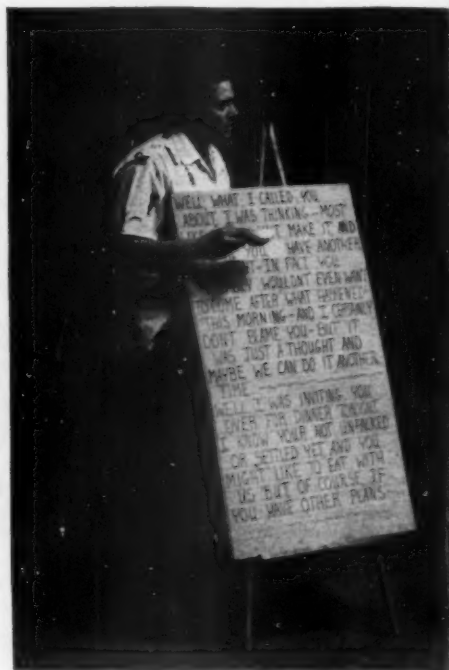
TV Shows

It took more than a cute idea to parlay "I Love Lucy" into one of the most successful TV film companies in the U.S.

WHEN DESI ARNAZ and his wife, Lucille Ball (cover pictures), developed their "I Love Lucy" TV series in 1950, they naturally hoped that a sizable audience would love Lucy, too. But even they did not anticipate the flood of affection—carefully measured in TV rating points—that has kept the series among the nation's 10 most favored shows for most of its six years on the network.

This heartwarming devotion has done more than add fame as entertainers to Lucy's creators. It launched them on a meteoric career in the risky business of producing TV shows. Today, Arnaz and his wife head Desilu Productions, Inc., one of the most successful TV film companies in the U.S.

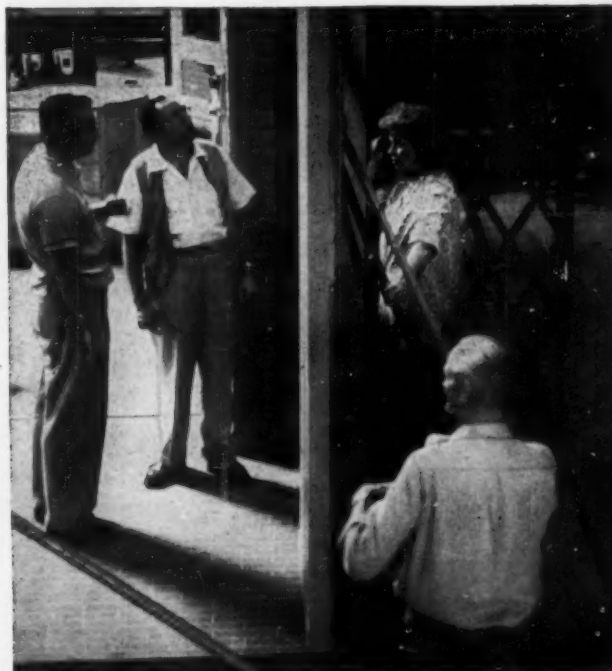
• **Byproduct Industry**—The dramatic spread of the U.S. video audience to 40-million homes plus the sponsors' loosening bankrolls have made the business of supplying TV shows a multi-million-dollar activity. Because this audience won't sit for an unbroken succession of commercials, sponsors have to separate their sales pitches with various types of programs. To supply them,



REHEARSALS start for new TV series that will blow up I Love Lucy into a full hour show. Lucy has been Desilu Productions' golden goose for six years.

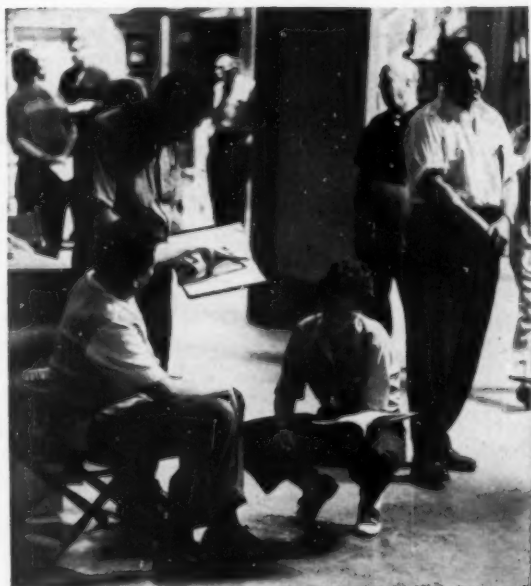
PROMPT SHEET is put in place. A script sampling indicates no radical changes in *I Love Lucy* patter.

Are a Gold Mine—But Hard to Dig



EXPERTS confer with Lucille Ball on staging of new 'Desilu' show. Like most TV series, it is on film.

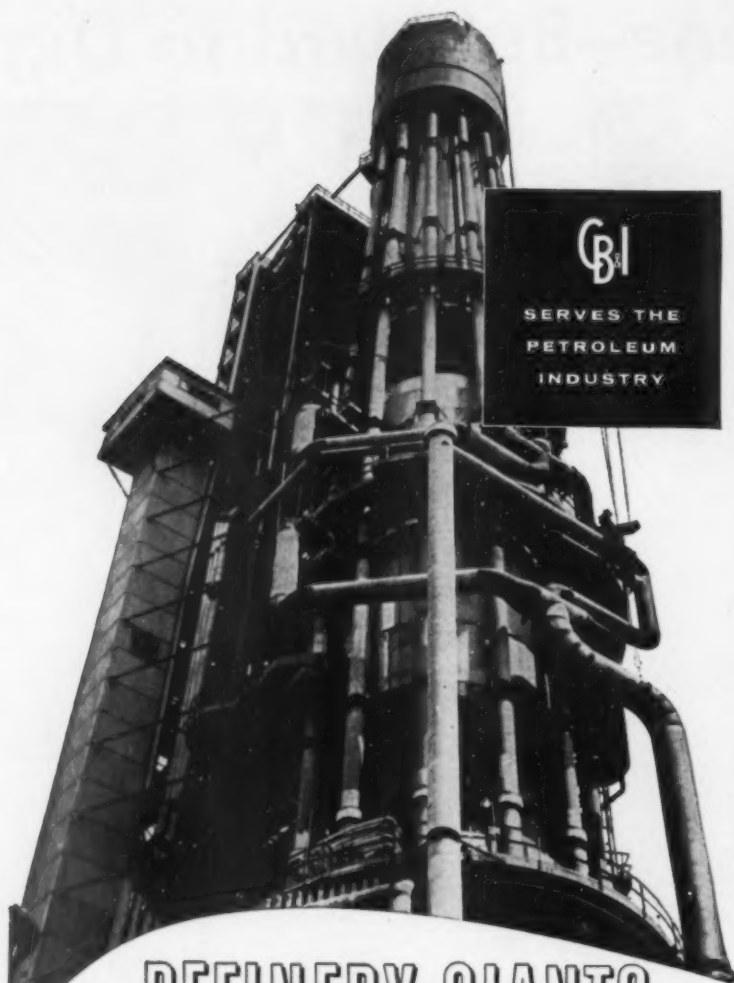
GUEST STAR Tallulah Bankhead and Desi Arnaz iron out a few details in the series' first fall telecast.



REHASH of rehearsal convinces cast that script needs more polishing. In a business that depends on the whim of a sponsor, smoothness of product is very important.



CONFERENCE brings suggestions from Lucille Ball (standing) and Desi Arnaz (foreground), past masters in the art of transforming an idea into a \$1-million business.



REFINERY GIANTS

built by Chicago Bridge & Iron Company

CB&I's refinery giants, like this complex Houdriflow unit, meet the eye on almost every horizon . . . as do Hortonspheres®, Hortonspheroids® and other Horton® specialized steel plate structures built for broad industrial service.

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Plants in BIRMINGHAM, CHICAGO, SALT LAKE CITY and GREENVILLE, PA.

a giant industry has grown up alongside TV itself.

• **Live Shows**—In TV's infancy, live shows drew the most attention, but gradually film has taken over. This season, for instance, live shows make up only about 33% of the schedules on the three nets. Panel, quiz, and audience participation and variety shows are the hardy survivors.

Putting these shows on the air is the work of "packagers," who dream up the ideas, put the show together, and "sell" (lease) it for a flat fee as a complete package either directly to a sponsor for network use or, more often, to the networks, which then find a sponsor. The networks also produce live shows, either on their own or in association with a packager. Leading packagers today are Goodson-Todman Productions, Entertainment Productions, Inc., Barry & Enright Productions, Inc., John Guedel Productions, and Walt Framer Productions.

• **Film Fare**—Dwarfing these live show packagers is the more crowded business of producing, filming, and selling the half-hour series that make up the bulk of TV programming—such as situation comedies, Westerns, mystery shows. This frenzied trade ranges from small producers with ideas to giant film companies that wield huge production budgets and have the facilities to turn out a series on a mass scale through distributors who sell the film for network or local station use. Some companies are in all three phases.

Though independents strike oil from time to time, most TV film comes from the film makers of Hollywood. The leading film maker is Revue Productions, Inc., an arm of Music Corp. of America, with a production budget of \$25-million. Next comes Desilu, followed by such outfits as Screen Gems, Inc., subsidiary of Columbia Pictures; Four Star Films; Television Programs of America; Warner Bros.; Twentieth-Century Fox-TV, and Ziv-TV.

• **Rewards**—The success of I Love Lucy demonstrates what many outsiders have always suspected: There's plenty of gold in TV's hill for those who can find it. Building on Lucy's unfading popularity, Arnaz and his wife have achieved these distinctions:

• They are the first producers to earn \$1-million out of TV alone. Their personal pocket money today is estimated at \$2-million.

• Desilu Productions, Inc., is one of the hottest outfits in the business. Desilu currently is at work on seven new TV series, which it owns all or in part. In addition, it is filming 12 others on a contract basis for outside producers. The company grossed more than \$22-million last year, and will top that this year. And a few months ago, Arnaz rejected an offer from Clint



In on-the-spot comparison test at Ehlers plant:

PROMINENT COFFEE ROASTER PROVES NEW LILY CHINA-COTE CUP SAVES THE FLAVOR OF COFFEE SERVED IN YOUR PLANT!

You are looking at Mr. Albert Ehlers, coffee connoisseur and President of Ehlers Coffee, sampling his fine blend in the new Lily* China-Cote Cup.

"The taste, flavor and aroma of my coffee," states Mr. Ehlers, "remains unchanged when served in the China-Cote Cup." Conclusive proof that this remarkable cup...

Saves the flavor! Resists penetration of coffee into the paper. Coffee tastes as coffee should.

Saves the heat! Keeps hot liquids 10° hotter in a ten-minute period.

Saves the shape! Remains sturdy in the hand, even under rough and rugged use.



This first truly satisfactory cup for the serving of hot liquids was ten years in the developing. Final result... a plastic inner coating strikingly similar to real china.

No wonder the Lily China-Cote Cup is the most wanted cup among progressive executives concerned with employee morale. No wonder so many executives are getting full China-Cote details by conferring with their in-plant feeders and vending operators or writing us direct. In fact, many are making a *personal* comparison test... without obligation. Just send us a note on your letterhead for test samples.

Lily-Tulip Cup Corporation, 122 East 42nd Street, New York 17, N. Y.

ROCHESTER, N.Y.



**Growing port on America's fourth seacoast.
Industrial sites available. And a
Marine Midland bank knows the area.**

This busy Lake Ontario city will soon become a busy seaport. With the completion of the St. Lawrence Seaway, business located in the Rochester area can ship goods directly to European ports, to Canada, to the Midwest. To accommodate this growing commerce, you'll find more than 100 acres of available waterfront property and several thousand acres of adjacent land zoned for industrial use. Land that may well meet your particular business needs.

Rochester is known for its unusually stable labor force. Living conditions are pleasant. The school system is widely respected for its quality and vitality.

A Marine Midland bank in Rochester serves this area with 20 offices. For more information write Arthur M. R. Hughes, President of the Genesee Valley Union Trust Company, Rochester, N. Y. This Marine Midland banker will be glad to help you with the bank's detailed knowledge of men, markets and materials.

MARINE MIDLAND BANKS



Building with the state of New York
through 153 offices in 79 communities

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Murchison, Texas financier, to buy the company for \$11-million.

- **Hazards**—On the other hand, Desilu's staff of 1,000 professionals, its \$22-million budget, and its completely equipped studio add up to a more sobering fact: Finding the gold is an expensive business.

A few years ago, the TV landscape was dotted with lone prospectors, hacking away at promising sites. Today, most of the solitary figures are gone, their places taken by smoothly functioning companies with crews of experts to man the heavy machinery of show business. Further, the whole enterprise is fenced with signs "For Professionals Only."

- **Past Masters**—Arnaz and his wife are old hands in the art of dreaming up ideas for TV shows, transforming the ideas into finished products, and selling the merchandise for every dollar it will bring. The goal, of course, is a hit show.

Hit shows bring in lots of dollars in a seemingly eternal flow. A TV program, whether live or on film, is a property that can be bought, sold, leased, traded, or sliced up. But the working lifetime of a live show is limited to its actual run on a network. Many film series are good for endless reruns for any sponsor or any station that thinks the audience won't object. Capital gains deals loom on every side. The gusher can keep pumping lush profits into its owners' pockets for years to come.

- **Shining Examples**—A good example is the cheerful history of Private Secretary, a successful but not spectacular series starring Ann Sothern. Produced by Chertok TV, Private Secretary began a run on the Columbia Broadcasting System network in 1953, under the sponsorship of American Tobacco Co.—alternating with Jack Benny on Sunday nights. During its network stay, the producer turned out 104 pictures from which it reportedly took an estimated \$416,000 in profits.

In a capital gains transaction in late 1955, Chertok sold all residual rights in the series to Television Pictures of America, New York film producer and distributor, for a little over \$1-million plus a percentage of all future sales above a specified amount.

- **Enter Susie**—Private Secretary was still running on the network at that time, but TPA, wasting no time, took 52 pictures already shown and arranged another series called Susie. It sold Susie to advertisers for use on a once-a-week basis in a total of 160 markets. Then, TPA took over the rest of its 104 films, and began selling another Susie package to advertisers and individual stations—some of them the same 160—on a "strip," or five-times-a-week basis.

Then TPA discovered 22 films that

Your business is in the Age of Electronics

more engineers? or modern engineering?

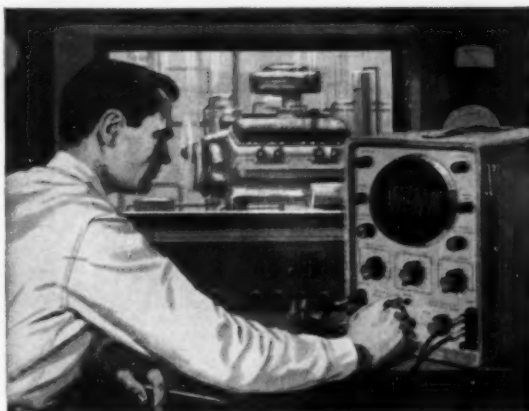
Wouldn't better use of your engineer's time be a more practical solution to your technical problems than simply hiring more and more engineers?

Electronic measuring equipment saves hours and days of time by making common—and uncommon—engineering measurements more swiftly and accurately. These proven electronic tools free your "pioneering" people for the truly creative work that so directly affects your Company's progress. One Hewlett-Packard instrument saves time for many men; yet most -hp- instruments cost far less than just the recruiting of one new engineer.

Over 130 Hewlett-Packard field engineers and 300 different -hp- instruments are helping company after company achieve faster, more efficient engineering. A letter from you will assure an -hp- engineer in touch with your technical people—right now!

Oscilloscopes, which present engineering information visually, are among the most basic laboratory instruments. -hp- oscilloscopes, based on completely new design concepts, give your engineers greater measuring speed, convenience and dependability than any comparable instrument ever developed. \$650 to \$1,100. Make sure your next instrument requisition specifies -hp- equipment.

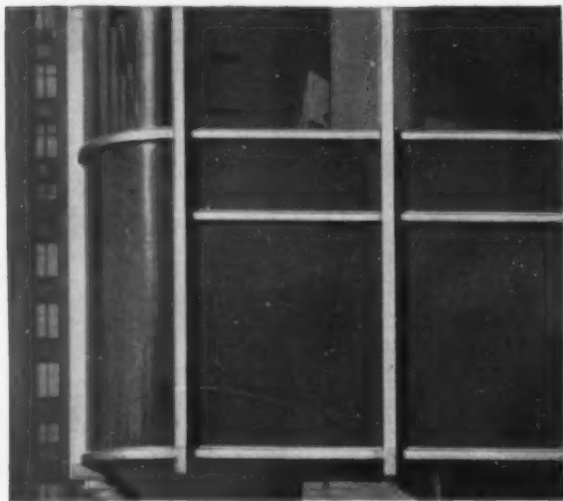
world leader in electronic measuring instruments



HEWLETT-PACKARD COMPANY
PALO ALTO, CALIFORNIA

Field application engineers throughout the world

Only STEEL can do so many



This Is A Curtain Wall. The curtain wall is made of porcelain-enameled steel sheets held in a framework of Stainless Steel mullions. The steel panels are much lighter than traditional materials. They're so thin that rentable floor space is increased. They're so durable they will last the life of the building without expensive maintenance. They're so colorful they make any building look more distinguished, more attractive and more rentable.

Crates For Balty Burros. Thousands of American youngsters now own their own burros, imported from the Southwest. Formerly, they were shipped loose, with their traveling papers tied round their necks. Trouble was, the burros ate the papers, and sometimes they'd scamper free. Now, burros are shipped in wire bound crates which are strong, light and open. They eat alfalfa, instead of waybills and shipping tags. The wire-producing divisions of United States Steel supply countless miles of steel wire for wire bound crates and boxes, which are used to ship everything from lettuce to farm machinery.



FREE MOTION PICTURES

United States Steel has produced a number of interesting motion pictures which tell the story of steel, its manufacture and uses. Here are capsule descriptions of a few of them. These and others are fully described in a Catalog of USS Motion Pictures which you may obtain by writing to United States Steel, Room 2808, 525 William Penn Place, Pittsburgh 30, Pennsylvania. These pictures may be borrowed without charge for your company or club use.

"Treasure Chest"—The story of the tin can and its part in bringing the products of the farm to the kitchen. Full color, 27 minutes.

"Knowing's Not Enough"—Who was responsible for the crash of the racing car? Eddie, the driver—or one of the three crewmen, each of whom remembers something he was supposed to do but isn't sure that it was done. Film shows how they translate their experience on the track to their jobs at the plant. Winner of 1956 Film Award for Safety. Full color, 28 minutes.

"The Waiting Harvest" — How chemists in the steel mill refine the waste products of coal into the coal chemicals which have contributed so much to the better products the American consumer now can have at low cost—nylon stockings, vitamins, quick-drying paints, plastics, fertilizers, and many other products. Full color, 23 minutes.

"Dan Taber's Ledger" — The story of farm fencing, showing the procedures of planning and erection which years of study and research have proved will produce long-lasting, economical farm protection. 27 minutes.

"The Cantilever Bridge"—This film shows the dramatic start-to-finish construction of the beautiful new Tappan Zee bridge across the Hudson River north of New York City. Clear construction scenes and animation sequences almost make you feel that you could build one yourself. Full color, 25 minutes.

Other films include: "An Orchid to Mr Jordan," "Barns for Better Dairying," "Building for the Nations," "Iron Ore from Cerro Bolivar," "The Making and Shaping of Steel," "New Neighbor," "Sinews of the South," "Speaking of Wire Rope," "Walls without Welds," "Soil and the South," "USS Cor-Ten," "The Suspension Bridge," and "Steel, Man's Servant." All are described fully in the Motion Picture Catalog.

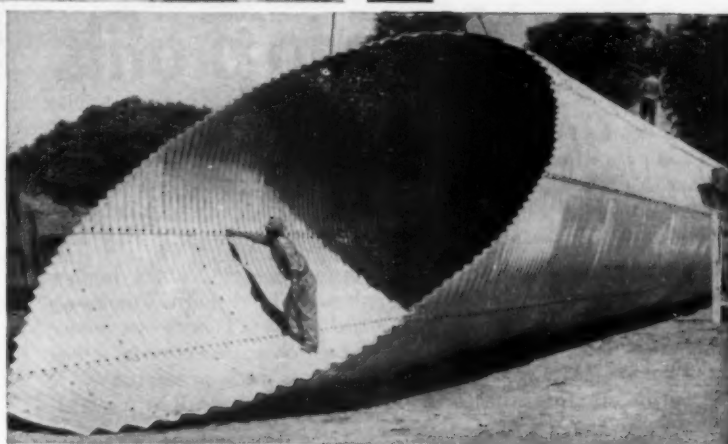


jobs so well



How's This For a Drainage Structure?

It's hard to imagine any drainage problem that can't be solved with USS products. They range from small culverts that go under your driveway (see your building supply dealer or U. S. Steel Supply warehouse) up to such whoppers as this one, which are specially fabricated by the American Bridge Division of U. S. Steel. Steel drainage structures are easy to handle, extremely strong and, being resilient, they won't break or crack.



UNITED STATES STEEL



American Bridge . . . American Steel & Wire and Cyclone Fence . . . Columbia-Geneva Steel
Consolidated Western Steel . . . Gerrard Steel Strapping . . . National Tube . . . Oil Well Supply
Tennessee Coal & Iron . . . United States Steel Homes . . . United States Steel Products
United States Steel Supply . . . Divisions of United States Steel Corporation, Pittsburgh
Union Supply Company • United States Steel Export Company • Universal Atlas Cement Company

Watch the United States Steel Hour on TV every other Wednesday (10 p.m. Eastern time).



Getting down to profits

Width and depth of cut is one way to compare ditchers, but it's *not* the way to compare ditching profits! To get down to profits you have to check machine efficiency . . . find out if the power you pay for actually gets to the digging wheel. Here's what you'll find when you check Gar Wood-Buckeye ditchers:

In Buckeye machines, power for traction and digging is taken directly from the engine transmission through separate output shafts. There's no open jack-shaft to waste power, eat up fuel dollars. There's less power lost to friction because all Buckeye shafts turn on anti-friction bearings . . . all Buckeye gears run in oil. The result is more power where it pays . . . at the digging wheel. And that means more ditch at less cost.

Width and depth of cut? You'll find a size and type of ditcher in the Gar Wood-Buckeye line to meet your exact requirements. Check further and you'll find design differences that will mean more ditching profits. In every way you'll see that Gar Wood gives you more to bank on!

GAR WOOD INDUSTRIES, INC.

Wayne, Michigan • Findlay, Ohio
Plants in Wayne and Ypsilanti, Mich.; Findlay, Ohio; Mattoon, Ill.; Richmond, Calif.



Truck Cranes



Tractor Equipment



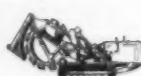
Forklifts



Load-Packers



Hoists & Bodies



Ditchers

had not yet pulled a load in the rerun market. Last summer, these pictures appeared once again on CBS—as Private Secretary—to help introduce Lever Bros.' Dove soap. Finally, this fall, NBC is running another 25 films on daytime TV, under the Private Secretary label.

• **Payoff**—To date, TPA has extracted a \$3-million gross out of its Private Secretary, and the end is not in sight. The company, aware it has a good thing, is planning to produce a new group of films for the series.

Chertok and TPA aren't the only ones to reap a harvest. Ann Sothorn, as star, took 25% of the rerun profits on the first 75 pictures, and 33% on the remainder. Her earnings, estimated at over \$1-million, must make her the world's highest paid private secretary. Her talent agency took its customary 10% of her earnings. The estate of the TV writer who conceived the idea for the series still participates in earnings.

Finally, all other creative talent, following the standard practice of guild contracts, takes a slice for all rerun profits.

• **Earning Her Keep**—If Private Secretary is any barometer, I Love Lucy is just settling down to earn her keep. The series, of course, produced millions for Desilu on its first network run. In addition, Arnaz took a chunk of capital gains early this year when he sold a group of Lucy pictures to CBS for \$4.5-million. Arnaz retains all rights to Lucy, however, and is currently making five hour-long shows that are being snapped up for \$300,000 apiece. When Lucy does drop into the syndication market, it will be in the words of one distributor, "a blockbuster."

• **Strictly for Pros**—The glitter of show business and its legendary rewards often send amateurs with a hot idea for a program to the producers' offices. As a matter of fact, most TV producers won't even listen to an idea from outside their own staffs, unless it comes from a professional in the business—preferably an important star, producer, or writer.

An outsider who comes in with a valuable property, say the TV rights to a Hemingway novel, is given the red carpet treatment. But just a plain, unvarnished idea won't get him beyond the waiting room. Desilu, for one, accepts story ideas only from recognized talent agencies such as William Morris, Famous Artists-Jaffe, and Don Sharpe.

• **Room**—It is still possible for skill and a good idea to launch an independent producer. Robert Stabler's 24-year-old Filmaster Productions, Inc., is an example. Stabler has made two series for CBS, on a cost-plus fixed fee basis. One series, Gunsmoke, is at the top of the ratings. Filmaster now has three series

The Big Advertisers



Their Advertising with Diamond Book Matches!



"It makes it easier for our salespeople to impress buyers..."

Writes R. S. MACDONALD, Quaker Oats Advertising Director

"It gives our advertising another dimension—something tangible to put in the prospect's hand. This 'Dimensionized' planned Book Match program reminds customers of our food products. We use 'Product Replica' cartons—full-color miniatures of Quaker Oats and Puss'n Boots packages as well as special event matches to publicize our TV sponsorship of the famous Pasadena Rose Parade.

"The cartons are handed out to our important buyer prospects. They like the useful match books, so we gain good-will... and also expose our sales message to each prospect some 200 times with each carton of 10 book matches.

"Diamond Match handles the details for us from package design to distribution according to our schedule. Our 'Dimensionized' campaign has proved effective."

• • • • •

Whatever your particular need—for new prospects, new product promotions, brand name reminders, salesmen's aids and innumerable direct mail applications—there's a "Dimensionized" planned book match program to give your advertising an exciting, new dimension. For any dynamic book match advertising, call on Diamond Match, pioneer and leader in the field. Write on your business letterhead for folders describing modern, new techniques in "Dimensionized" book match advertising.



**planned
book match advertising program**

Book Match Advertising Dept., THE DIAMOND MATCH COMPANY, 125 Paridon St., Springfield, Mass.

HUNDREDS OF NEW COST-SAVING IDEAS! Tune in on What's New at the

26th EXPOSITION OF CHEMICAL INDUSTRIES

**NEW YORK COLISEUM
December 2-6, 1957**

- Over 500 Exhibits
- All Under One Roof
- New Methods! New Products! New Ideas!
- New Ways To Cut Costs!
- New Ways To Increase Production

A "must-see" for every top management official in the chemical process industries, this informative presentation of the latest developments in the industry will help management, production, design and research personnel to keep abreast of the newest materials, equipment, processes and machinery designed to cut costs and increase production.

ALL 4 FLOORS OF THE COLISEUM— OVER 500 FACT-FILLED EXHIBITS.

Here under one roof you will see the greatest concentration of important advances in automation, chemicals and raw materials, laboratory equipment, materials handling, weighing and packaging, and equipment for heating, cooling, drying, evaporating, separating, disintegrating, mixing, etc.

There is no more convenient, comprehensive and compensating opportunity to see, discuss and compare the performance of these money-saving developments that can be put to work for you and your company. Plan now to attend, and bring your associates to the

Ⓜ 4319

**New York Coliseum, December 2-6, 1957
26th EXPOSITION OF CHEMICAL INDUSTRIES**

Write for advance registrations to
International Exposition Co. • 480 Lexington Ave., New York 17, N. Y.

in the works, and will start financing its own pilots and keeping a greater share of the profits.

Professionals dash the outsider's hopes for many reasons. A veteran TV show packager, Mark Goodson of Goodson-Todman Productions (What's My Line, I've Got a Secret) says bluntly: "The idea is worth only 10% of the show." Goodson insists that more important than the idea is the format, how the idea is worked out, the details, and staging. Getting the idea for a show like What's My Line is one thing, Goodson says, but the success of the show—now in its seventh year on CBS, lies in such details as the selection of the moderator, panel contestants, mystery guests.

The amount of skillful mounting and buffing necessary before I Love Lucy achieved its dazzle illustrates this point.

• **Birth of Lucy**—Lucy was born in the spring of 1950, when Lucille Ball, a popular movie actress, was playing the lead in a radio series, My Favorite Husband. Partly because she was tired of being separated from her traveling bandleader husband, Miss Ball decided that a husband and wife show could be created for the two of them. Their agent, Don Sharpe, arranged to pre-test the idea with public appearance acts written by Bob Carroll, Jr., and Madelyn Pugh, who were the muses of the radio show. The acts delighted eight sponsors, so Arnaz and Miss Ball went to CBS, which agreed to finance an initial film.

• **First on Film**—By the fall of 1951, everything was ready to roll. Then occurred two developments, both destined to affect the fortunes of the Arnaz team. First CBS decided to stay out of the actual filming, and arranged that Arnaz and Miss Ball should film it and sell it to the network as a package. Second, at Arnaz's urging, the decision was made to film all the shows, instead of running some film and some live. This was the first comedy show to appear on film, and it laid the groundwork for the rerun market.

Of course, live shows have their success stories, too. Dan Enright and Jack Barry, of Barry & Enright, working for a New York TV station, went from staging a show for the station to selling Life Begins at 80 to the network. Following this, they founded their producing company, dreamed up Twenty-One, which introduced Charles Van Doren to the country. The big payoff came earlier this year, when they sold a package of two quiz shows to NBC for a reported \$5-million.

• **Salesman's Job**—Even the best idea and the most frenzied and skillful production job can be wasted if the salesman fails to do his job with a sponsor. The salesman, representing the producer, works with the initial, or

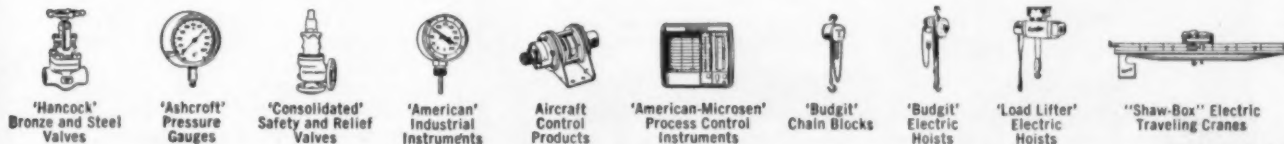


When MEASUREMENT is your problem...

Pressures and temperatures are indispensable tools of industry. Both must be measured to maintain product quality . . . to assure capacity performance of equipment and economical production. Manning, Maxwell & Moore gauges measure pressures in power stations and processing plants — wherever steam, air, gas, vapor and liquids are pressurized. Our industrial thermometers measure temperature in steam generating facilities . . . in water heating and ice-making apparatus . . . in food cookers and freezers . . . in dye vats and milk pasteurizers . . . in any device that creates or uses heat or cold for production.

Whether your problem is *measurement, control, protection or lifting*, Manning, Maxwell & Moore has the products to help you. We produce controls to regulate temperatures, valves to control flow, electronic systems to control processes, and control units for aircraft, rockets and missiles. Our safety and relief valves protect personnel and plants. Where lifting is a problem, our cranes and hoists handle materials with speed and safety.

District offices and industrial distributors in the U. S. and Canada, agents and manufacturing licensees throughout the world are ready to serve you. We invite your inquiry.



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Pressure
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Valves

'American'
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Control
Products

'American-Microsen'
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Instruments

'Budget'
Chain Blocks

'Budget'
Electric
Hoists

'Load Lifter'
Electric
Hoists

"Shaw-Box" Electric
Traveling Cranes

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The building of tremendously heavy road equipment demands the use of the most rugged type of floor. Kreolite Floors are giving excellent service in many plants building these types of products.

Name the industry . . . you'll find Kreolite Wood Block Floors taking every kind of abuse that would ruin ordinary flooring in a comparatively short time.

These are strong claims, but they are backed up by proof. Thousands of installations prove that Kreolite Floors, being more resilient, do a better job of absorbing noise, shock and vibration. They are also cleaner and safer, because they are dustless, spark and skid-proof.

Durable . . . Economical? Well, many Kreolite Floors outlive the building. For substantiating facts, write us today.

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**JENNISON - WRIGHT
CORPORATION**
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KREOLITE FLOORS

Railroad Switch and Industrial Truck Tires, Piling, Bridge and Dock Lumber

For gym floors and vocational shops,

KREOLITE FLEXIBLE STRIP*
resilient flooring is tops.

*Made of Kiln Dried End Grain Southern Yellow Pine Wood Block in Natural Color



**" . . . producers emphasize
the high-risk nature of their
business . . . "**

STORY starts on p. 66

pilot, film—the most important single film made in any series—which usually costs between \$35,000 and \$85,000.

The general business rule, which Desilu follows, is for the producer to stake himself to the pilot, though some producers may persuade a network to pay for it in return for a share of future profits. If the series gets rolling, the cost of subsequent films drops.

The primary target for most film series is network use. This brings a higher price, sooner, with less selling expense than going into the syndication market.

So, with the pilot in his briefcase, the salesman heads for New York "to open the show on Madison Avenue." The test of whether the pilot investment is a dead loss or whether it will start the series on its way begins.

• **Stakes**—Waiting for the salesman are his potential customers, a wary group of sponsor representatives, ad agency and network officials. Their wariness has a solid foundation. They are about to risk a minimum of \$5-million or so on a TV show—on the basis of the pilot.

Details of the selling ritual vary. The salesman may offer his plum directly to the sponsor. Or he may sell it directly to a network, which will then try to find a sponsor for it. Often, in a burst of enthusiasm, the network will jointly finance the rest of the series in return for a 25% or 50% share in earnings.

If a sponsor steps up, he will pay out between \$22,500 and \$50,000 per show for a stipulated period. This is generally 52 weeks, though lately sponsors have been resisting such long-term commitments. Out of this flat fee, the producer must pay all his costs, royalties, and show a profit.

• **High Risk**—Generally, a producer expects to amortize his series out of its first run. If it runs for several years, his price goes higher, costs are written off, and profits rise accordingly. For a show that has run on the net three or four years, Desilu reports it can take from \$20,000 to \$40,000 per film in gross profits.

Producers are quick to emphasize the high-risk nature of their business. One chilling statistic: Out of 175 or so pilots made by all film companies for this season, only about 35 or 40 were sold. But as long as the country's TV audience will watch, producers will take their chances. **END**

"INDUSTRY SUCCEEDS IN NORTH CAROLINA"

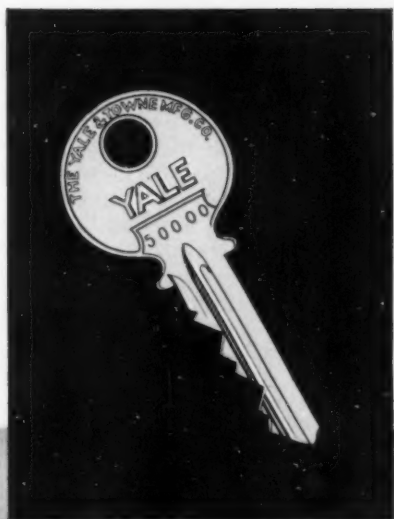
RECORD OF SUCCESS CONVINCES YALE & TOWNE

For the site of its seventeenth plant, Yale & Towne checked every state, town by town. North Carolina scored on every point:

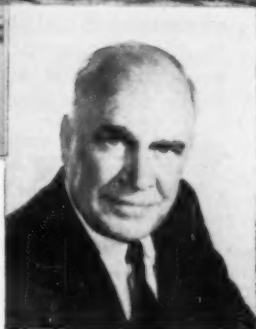
Nearness to markets . . . modern transportation by land, sea, and air . . . intelligent personnel . . . climate for low-cost production and year-round outdoor living . . . cooperative government and communities.

A year after choosing a North Carolina site, Yale & Towne officials are high in its praise: "In North Carolina, we found the kind of place and the kind of people that make for success," says Yale & Towne Vice President Leo J. Pantas, General Manager of the Yale Lock and Hardware Division, which now has a new plant at Monroe, N. C. "We know people help industry to succeed. Monroe folks gave us a warm welcome. They think straight, talk straight. To them a job is an opportunity."

Monroe is just one of scores of North Carolina towns where industry thrives among green fields and friendly people. North Carolina development engineers will help custom-plan your expansion site. Write or wire Wm. P. Saunders, Director, Dept. of Conservation and Development, Raleigh 4, North Carolina.



Business Man Governor
Luther H. Hodges
whose dynamic leadership
has brought about
tax reductions put into
effect July 1, 1957.



NORTH CAROLINA

Year 'Round Mid-South

In Marketing

• • •

Safeway's New York Div. Drops Save-A-Tape Plan as Too Confining

In a polite "thank you note from Safeway," the New York Div. of the big food chain told its customers recently that on Sept. 21 the division would drop the Save-A-Tape plan that had been in effect in its 182 stores since late 1955. The division's reasons for discontinuing Save-A-Tape summarized some of the chief arguments against trading stamps, which Save-A-Tape closely resembles.

Under the plan, Safeway customers saved their cash register receipts, put them in envelopes provided by the store, till they had collected receipts on \$25 worth of purchases. The envelope then would have a value of about 50¢, to go toward a premium given out at the stores.

Fred E. Rowland, division manager, explains that the Save-A-Tape plan probably cost the division between 1½% and 2% of sales—though the precise cost wouldn't be known till after Oct. 5, the last day on which customers could redeem their tapes. This fixed cost meant that the division had less leeway to put on other promotions. Furthermore, a survey of its customers had made the division executives feel that this particular promotion was losing its steam. The sales increase it had initially brought had reached a plateau. So the division will try its hand at some other form of promotion. Rowland questioned whether the customer really gained by the plan, because of the rigidity that it imposed on the division's promotion budget.

Under former Safeway president, Ligan Warren, Safeway had fought a notable battle against trading stamps and the like. The new chief, Robert A. Magowan, has made decentralization of authority a basic tenet for the chain (BW-Apr.13'57,p62). What the New York Div. decides has no bearing on how other divisions will promote themselves. Some still have stamp plans, some still have Save-A-Tape. But the Portland (Ore.) Div., too, recently abandoned its Save-A-Tape promotion.

• • •

Neiman-Marcus Proves Once More That Blindfold Buying Hath Charms

For all the concern over balky consumers, there are still people who would rather have almost anything more than their own money. The Around-the-World Shoppers Club, a pig-in-a-poke buying club set up by David Margulies several years ago, thrives on this principle (BW-Aug.8'53,p58). Now Neiman-Marcus thinks it has proved the principle anew with a guileful promotion that capitalized on the famous Texas store's own good name and on the irrepressible curiosity of the consumer.

A single ad in the Dallas Morning News apprised "ye

of great faith" that the store was selling Mystery Boxes, guaranteed to contain five to 11 gifts, with a minimum total value of \$45. The box was priced at \$25—and all the purchaser knew was whether it was for a man or for a woman.

The store sold 100 boxes—all it had made up—the first day. The next two days it sold 50 each. Then, not to wear a good idea thin, it called a halt till it repeats the promotion next spring.

Edward S. Marcus, executive vice-president, feels that what the store lost in markup on the bargain price it amply made up in publicity.

• • •

Court to Test Strength of Chains That Bind Thruway's Captive Market

Just how captive is the market on a highway that is operated by an authority? This question may soon get some clarification. A test case involving gasoline purchases off the New York State Thruway will have a hearing in an Albany court next week.

What happened was that a motorist ran out of gas just off the Thruway, but still on Thruway property. The motorist phoned to an off-Thruway service station, which brought her the gas. A trooper promptly arrested the station operator for violating the Thruway Authority's regulations. These ban commercial transactions of any sort on the Thruway, except those authorized by contract after competitive bidding for the Thruway franchise.

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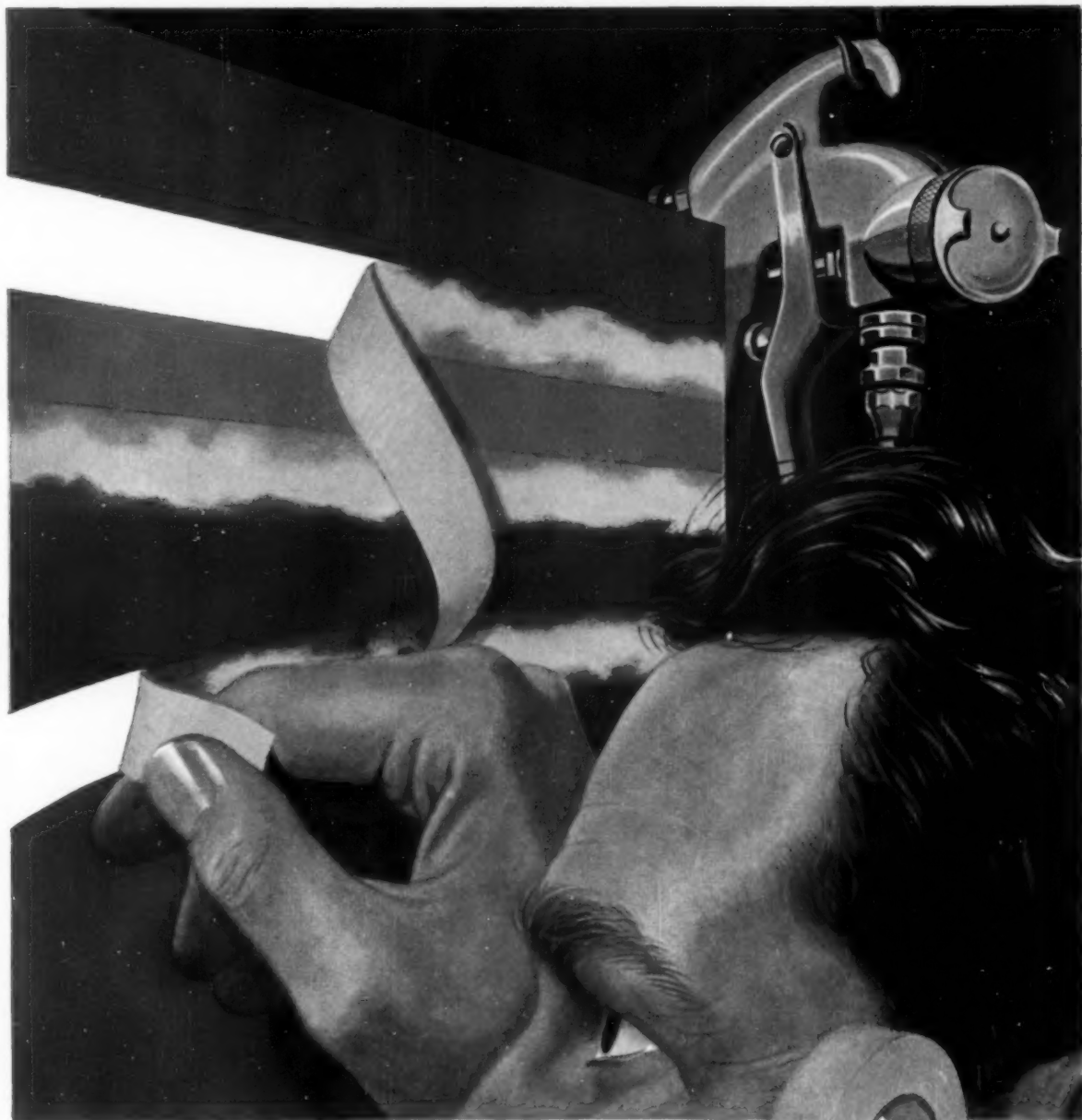
Marketing Briefs

The Snow Crop name on frozen fruits and vegetables passes from Minute Maid Corp. to Seabrook Farms Co. on Nov. 1 in the 37 states east of the Rockies. Seabrook bought the name for an undisclosed sum, will process and distribute fruits and vegetables under the Snow Crop label as well as its own. Minute Maid keeps the Snow Crop tag in citrus juice.

"Fair trade" got a jolt in New Mexico this week. The State Supreme Court reversed a lower court decision that the state's law was constitutional (BW-Aug.25'56,p92). Tobacco and liquor, controlled by separate laws, are still subject to resale price maintenance.

One-million sales of major appliances and TV sets by Christmas is the target of a new General Electric promotion. Vacation incentives for dealers—and special bargains for consumers—will help GE celebrate the 30th anniversary of its first TV receiver. More important target: to revive appliance sales (BW-Jul.13'57,p45).

The Wrigley name is due to bloom in Ohio and Texas soon. ACF-Wrigley, Inc., Detroit supermarket concern that bought Foodtown Stores in Cleveland last year, will hang the Wrigley sign over Foodtown stores when its own stores—expanding into western Ohio—meet Foodtown geographically. In the South, Standard Food Markets and Humpty Dumpty stores, which ACF-Wrigley bought in 1955, will also take the Wrigley name.



Getting a sharper edge...through quality

Masking tape that's uniformly thin, tough, and *true*... to stick tight, pull clean and leave a razor-sharp painted edge, even on curves. That's the result of Behr-Manning's *balanced backing* plus controlled precision slitting—another example of high quality at work in BEHR-CAT tapes.

BEHR-CAT TAPE

BEHR-MANNING CO., TROY, N.Y. A DIVISION OF NORTON COMPANY

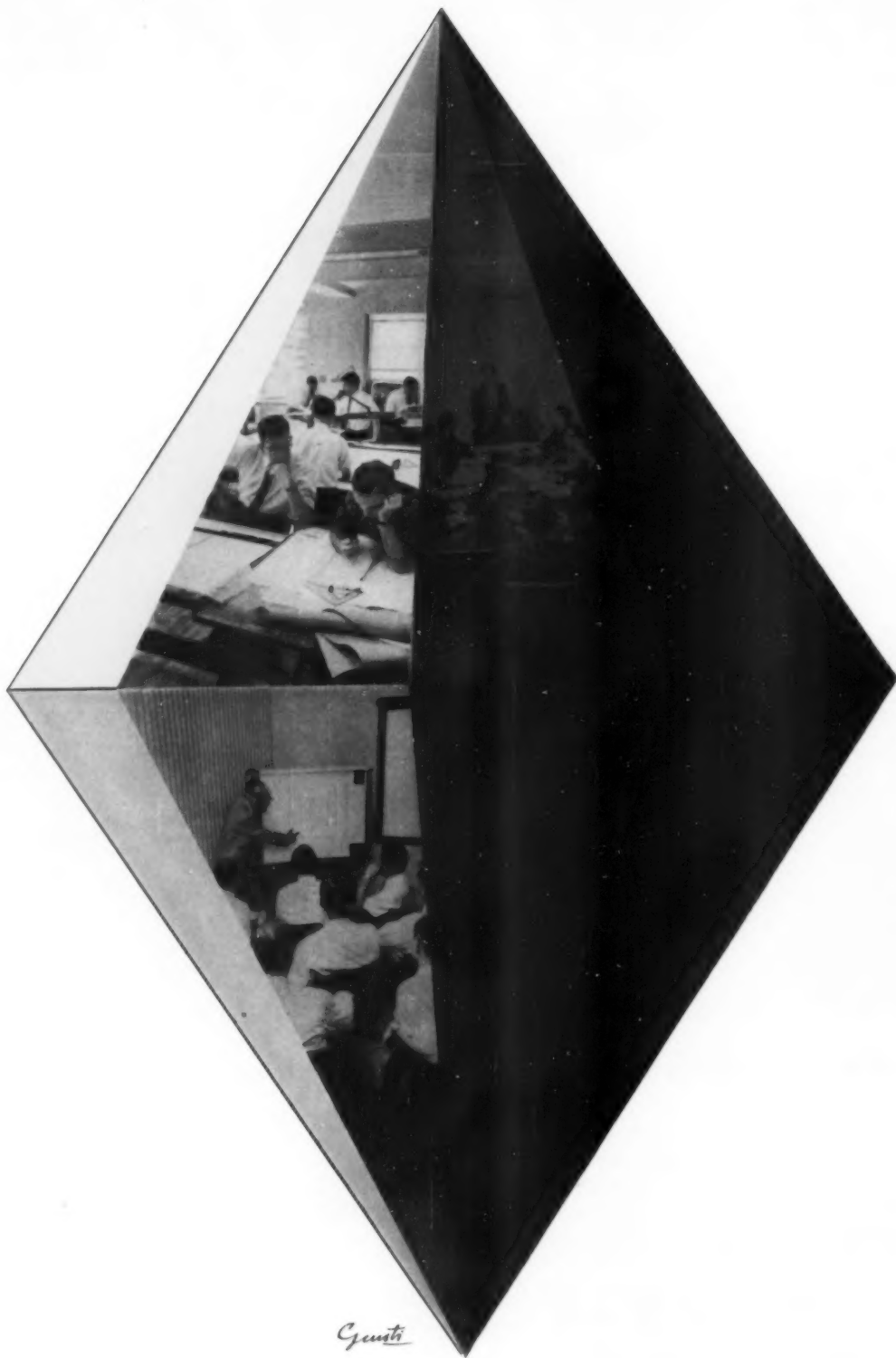
BEHR-MANNING PRODUCTS: Coated Abrasives • Sharpening Stones • Pressure Sensitive Tapes
NORTON PRODUCTS: Abrasives • Grinding Wheels • Grinding Machines • Refractories



In Canada: Behr-Manning (Canada) Ltd., Brantford. For Export: Norton Behr-Manning Overseas, Inc., Troy, N. Y., U. S. A.



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tapes for every purpose



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Imaginative, energetic, experienced men...capably bringing to life a major new source of Aluminum—one with an initial annual capacity of 340 million pounds!

Their tools: vision, the benefit of more than 40 years of Olin Mathieson experience in producing non-ferrous metals, and an investment of \$300 million.

Their goal: Quality and Service standards unique in the Aluminum industry.

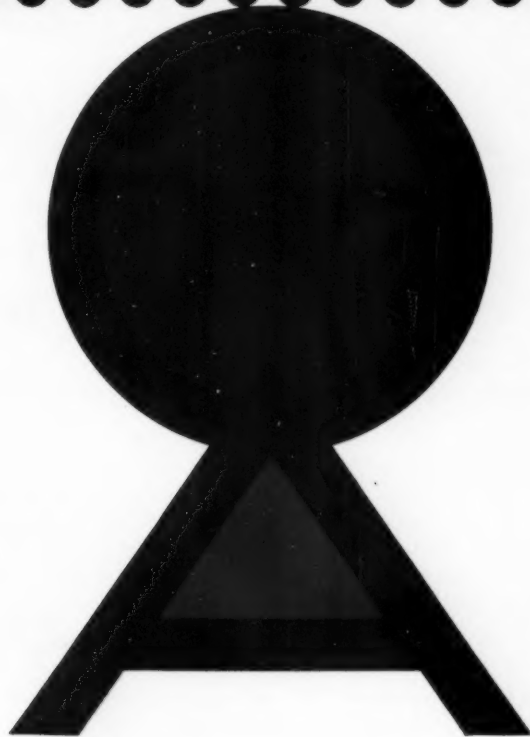
What do these new standards mean? Custom-Tailored Aluminum...with finishes and tolerances tailored specifically for you, to meet your individual production needs. Competitively superior Aluminum that will simplify your manufacturing operations and give you maximum output for each pound consumed. And with it: Outstanding Technical and Sales Service—the kind that values your continuing satisfaction as the most important criterion of success.


This is Olin Aluminum—growing and expanding to meet your needs.

For more information about Olin Aluminum, write: Aluminum Division—Sales, Olin Mathieson Chemical Corporation, 460 Park Avenue, New York 22, N. Y.

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OLIN
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**If you import paper
talk to the people at Chase Manhattan**

Use a world-wide network of bankers-at-the-spot to help solve your import-export problems.

When you take your international trade problems to the people at The Chase Manhattan Bank, the services of a world-wide network of 51,000 correspondent banks and branches are immediately at your disposal.

Whatever, or wherever your problem, you get the overseas help you need from the banker-at-the-spot . . . the man who has an intimate knowledge of local trade conditions and knows how to make them work for you.

This is possible because Chase Manhattan has a close personal relationship with its foreign correspondents. Chase

Manhattan and its stateside correspondents handle the U. S. problems of the Bank's overseas correspondents. They, in turn, get things done for Chase Manhattan in their own countries. Such reciprocity enables you to get more efficient banking service in the markets of the world.

Here at home, experienced men in the International Department sit down and talk things out with you personally. They work with you on a basis of individual analysis and imaginative planning. And knowing the right men in the right places, they can quickly con-

tact the banker-at-the-spot who can best help you.

If you have import or export problems, phone HAnover 2-6000 or write to International Department, The Chase Manhattan Bank, 18 Pine Street, New York 15.

**THE
CHASE
MANHATTAN
BANK**

(MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION)

In Business Abroad

. . .

IFC Head Promises More Deals

To Still Yelps of Underdeveloped Lands

The World Bank's International Finance Corp., set up a year ago to stimulate private investment in underdeveloped countries, gave its first report last week in Washington at the annual World Bank and International Monetary Fund meeting. Many delegates, especially those from the underdeveloped countries, expressed disappointment that the IFC has not backed more projects in more areas.

IFC Pres. Robert L. Garner promised more deals in the coming year, announced the IFC's latest: a \$660,000-stock participation in an Australian holding company, Duncan's Holdings, Ltd., to help finance modernization of lumber mills.

The Australian loan won't take much of the heat off Garner and the IFC from the Afro-Asian members of the Bank. Although the IFC concluded four earlier deals in less than two months, they all involved investment of U.S. and European capital in Latin America. Nevertheless, the IFC says it will be announcing a steady flow of investments from now on, including diverse operations in the Afro-Asian areas.

. . .

They're Not Speaking, But West Germany And Red China Sign \$55-Million Trade Pact

West Germany and Red China signed a trade agreement this week for \$55-million in both directions—even though Bonn and Peiping don't have official diplomatic relations. The one-year agreement was negotiated by the East Committee of German Industry, which signed the agreement in China. Payments for deliveries will be made in deutschmarks or other negotiable currency acceptable to both trading partners. No products were listed in the agreement.

. . .

Oil Money Builds a Hot Fire Under Venezuela's Real Estate Boom

Next to oil, real estate is Venezuela's spunkiest boom industry. Oil revenues, of course, pay for the government's splurge in building apartments and grandiose public structures at breakneck speed. But new money rolling into private hands is also helping to fire the boom in land and construction.

Biggest private project of all is Prados del Este C. A.—a rich man's Levittown with 1,700 lots gouged out of the hillsides in Caracas' suburbs. Last week, on a single day, Prados sold nearly \$45-million worth of contracts for new houses, each price-tagged at roughly \$90,000.

MORE NEWS ABOUT BUSINESS ABROAD ON:

- P. 86 Britain's Conservative government girds for final fight against wage inflation.
- P. 96 Brown Boveri switches strategy in bid for U.S. market.

Between now and next June, Prados' contractors will put up some 500 homes—no two alike in design.

Though headed by Caracas businessman Armando Capriles, Prados is drawing on U.S. help, with a loan of about \$10-million from the Bank of America. Other housing developments—many of which boast golf courses, bull-fighting rings, and Disney-type children's parks—are also luring U.S. capital and engineering ingenuity. For example, Joseph W. Foss, former head of General Tire's Venezuelan subsidiary, is directing Financiadora Administradora Inmobiliaria, S. A.—a leading real estate promoter partly backed by U.S. money.

. . .

Russians Haggle for Hard Terms In Trade Pact With Japanese

The Japanese are wrestling with Russian ideas of trade this week in negotiations for a Russo-Japanese trade treaty. The Russians are bargaining hard, asking for most-favored-nation treatment and diplomatic immunity for a trade delegation. The Japanese say Russian purchases of \$800,000 last year, plus a proposed \$28-million in 1958, don't necessitate it. Tokyo wants a simple payments arrangement.

The Russians seem anxious for a deal, though, and probably will make it on more realistic terms before the month's end. Japanese sources believe the Soviets badly want industrial imports they have already ordered from Japan for their Siberian development schemes.

. . .

French Survey Finds More Engineers Running Top Companies Than in U. S.

France *Actuelle*, a fortnightly issued by the French Embassy in Washington, this week came up with an answer to that old question: Why are European businessmen different?

The English-language publication points out that executives in French business don't usually have what's considered a businessman's education by U.S. standards. Of the managing heads of France's 100 most important companies, 63 were trained as engineers. And of these engineers, 48 are graduates of Ecole Polytechnique—France's version of MIT and our state technological schools combined.

France *Actuelle* points out that a BUSINESS WEEK survey last year (BW—Jun. 9 '56, p110) showed that only one of every nine presidents of the 500 largest U.S. companies has a bachelor of science degree. As a matter of fact, only 56% of the U.S. executives had any college degree, compared to 72% in France.



Fate of Chancellor Thorneycroft's bold bid to save pound . . .



... hinges on wage stand of union heads like TGWU's Cousins.

Can Britain's Moves Skirt a Financial Suez?

THE MACMILLAN government is heading for a wage showdown with Britain's labor unions. The outcome will determine whether sterling is to remain an important international currency, or whether London is in for a financial bust.

The Tories announced their intention to halt wage inflation in Britain just on the eve of the Washington meeting of the International Monetary

Fund (BW—Sep. 28 '57, p. 46). To dramatize the decision, the government raised the bank rate from 5% to 7%, a level that hasn't been reached since 1920. Then at the IMF session, Chancellor of the Exchequer Peter Thorneycroft (top picture) flatly declared that the Macmillan government would let the level of industrial activity drop rather than see the value of the pound fall.

Smelling an election victory in the

Tories' tactics, Britain's Labor leaders exulted in Brighton this week at the party's annual conference—and charged the Macmillan government with full responsibility for Britain's economic difficulties. But the real decision for the unions—the one on wages—lies in the hands of such trade union leaders as Frank Cousins of the Transport and General Workers Union (bottom picture). If these men follow the cue of the Labor politicians, the government is in for a rough time and the British economy for a bout of strikes.

• **Economic Shift**—There is no doubt that the Macmillan government has made a decisive shift in British economic policy—one that couldn't fail to provoke a showdown with the unions. During the whole postwar period, including the six years the Tories have been in office, the emphasis of economic policy has been on full employment. Now the government has announced that its overriding objective is to control inflation through regulating the money supply. If any strains develop in the British economy, says Chancellor Thorneycroft, they are not to be allowed to fall on the currency.

The new policy can be summed up as a refusal by the government to go on ratifying inflation. Up to now, labor and management (including the management of the nationalized industries) have had reason to believe that if their demands on the economy exceeded its resources the government would permit the money supply to expand. Thus, there could be no effective check upon the wage inflation that has afflicted the British economy all through the postwar period.

It's been this inflation that has recurrently drained London's gold and dollar reserves. By this fall the government had no other choice than to deal with it drastically, unless it was prepared to accept devaluation within a matter of months. And that could only (1) damage London as an international banking center; and (2) break up the sterling area and the Commonwealth.

• **Gamble**—The government is gambling that with its new policy it can save Britain's position as international banker as well as its position as a world trader. Also at stake is the whole system of relative economic freedom that the Tories introduced for both domestic and foreign trade to replace the system of tight controls they inherited from Labor.

Now Macmillan is desperately hoping that the British workers will be willing to accept a halt to the rising wages and living standards they have enjoyed over the past few years. But it's still a question whether the union leaders trust the Tories enough for that.

Although there are many differences—including the level of employment—

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Spring Engineering Research
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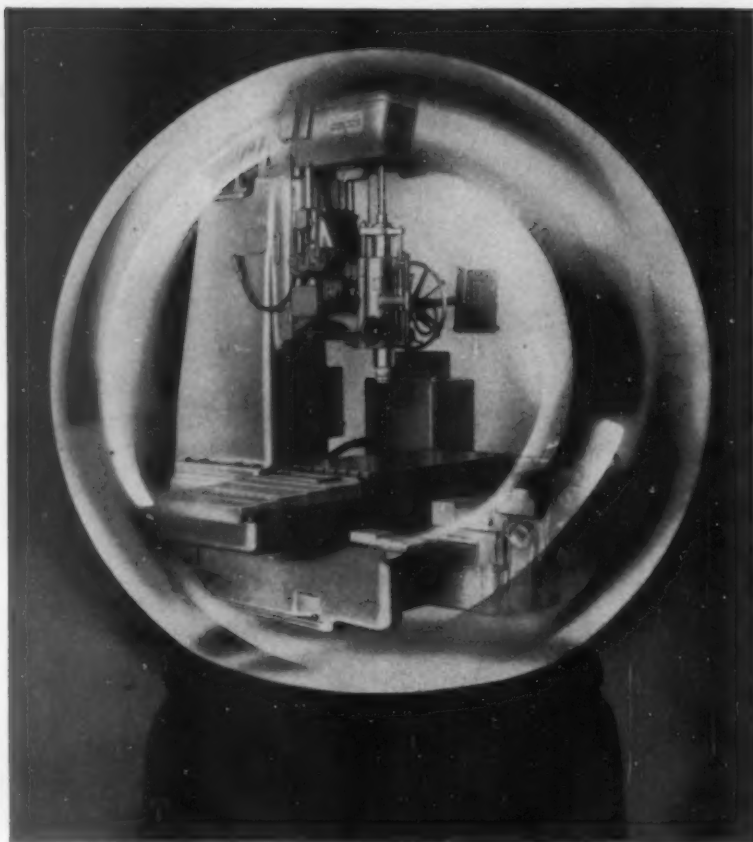
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there is just a hint in Macmillan's present course of the policy advanced in 1924 by Winston Churchill. That policy was intended to strengthen sterling—and it led to the general strike of 1926. Such a sequel is unlikely this time. But even a series of major strikes could bring economic disaster to Britain today.

• **Pressure on Pound**—Whatever the outcome, no one will be able to accuse Macmillan and Thorneycroft of making their decision lightly, as Churchill was accused of doing. Ever since last spring the pound has been under severe pressure.

First there was a break in domestic confidence in the pound. This came largely because the government yielded to big wage demands from the nationalized transport industry, and then did nothing to discourage private industry from granting substantial wage boosts. This led to gloomy London business talk and to a heavy flow of capital to the U.S., Canada, and Australia. At one point the London premium on American and Canadian securities rose to 22%. To check the British flight from sterling, the Treasury in July tightened up its exchange controls covering the movement of capital.

This had barely been done when a mass raid on sterling began on the Continent. It was precipitated by the semi-devaluation of the French franc on Aug. 10, which led to rumors that the pound would also be devalued, and that the West German D-mark would be revalued upward.

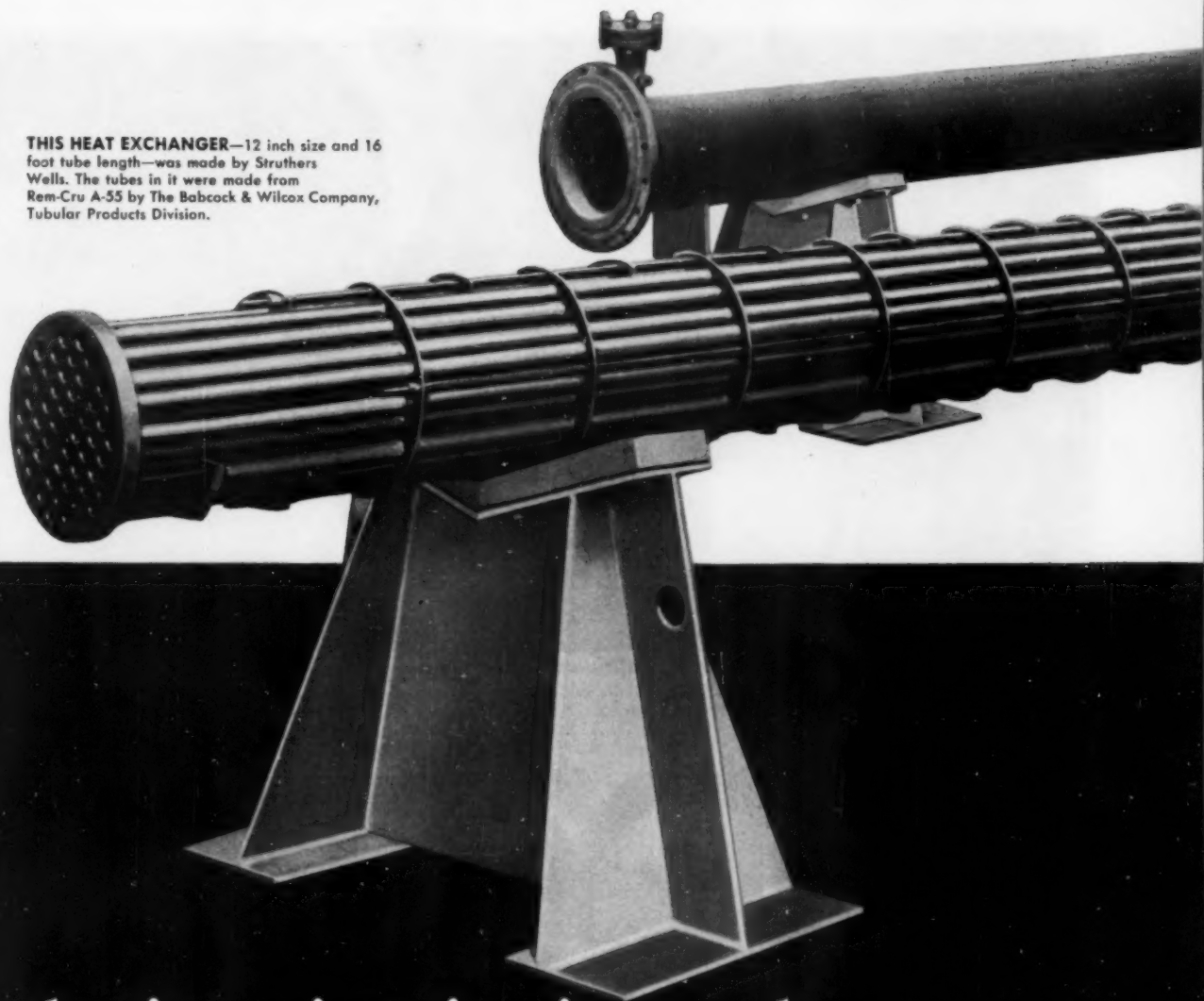
• **Boomerang**—For a while London seemed to be encouraging the speculation that Bonn would revalue. Apparently the British idea was that if only this step was taken, German exports would be less competitive. As it happened, London's effort boomeranged and merely encouraged speculators to leave the pound for the D-mark.

In August alone, London lost \$225-million from its reserves. And the September losses, sustained before Thorneycroft announced the new British policy, were also extremely heavy.

• **Prospect**—London has no need to worry for the next two or three months. That portion of the bear speculation that counted on some British announcement of a lower rate (or wider margin) at the IMF meeting (page 107) now has pulled out. Then there's the fact that the seasonal low for sterling normally ends in October.

Still, the larger speculative position against sterling has not yet been changed. This is maintained chiefly by traders and bankers who run down their normal sterling balances (or sterling cover) whenever it looks as if they might be able to buy pounds cheaper at some future date. And these traders

THIS HEAT EXCHANGER—12 inch size and 16 foot tube length—was made by Struthers Wells. The tubes in it were made from Rem-Cru A-55 by The Babcock & Wilcox Company, Tubular Products Division.



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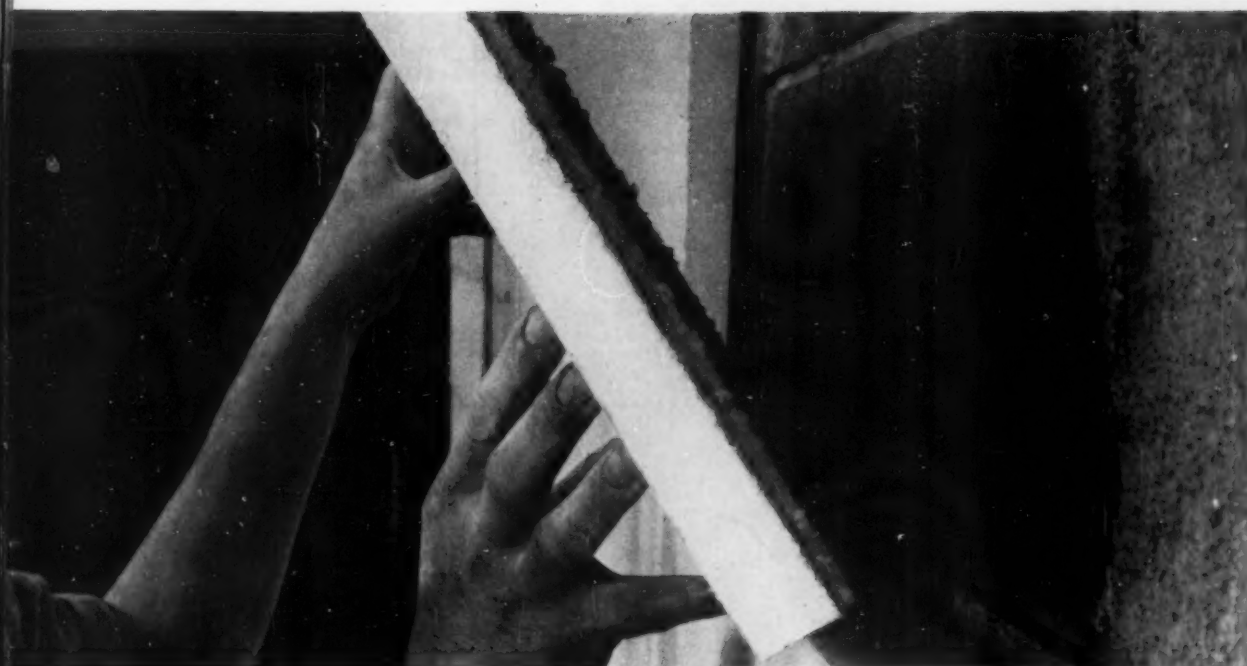
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and bankers are now watching the British wage front.

• **The Test Starts**—British businessmen also are awaiting the upcoming wage test—almost breathlessly. The opening gong already has been struck—with a 10% wage increase demanded from the British Transport Commission by the railway locomotive drivers.

Some observers are worried by the fact that it's the Transport Commission that is due for the first important wage test. It was this body that granted a 5% wage increase to the bulk of the railway workers last spring—after the principal transport union had asked for only 3%.

• **Engine of Inflation**—The fact is that the nationalized industries have proved a real engine of inflation in Britain's postwar economy. And more than once leading Conservative businessmen have bewailed the fact that wage increases allowed by the government as an employer have then determined the government's monetary policy.

Just after last spring's round of wage increases, one of the top executives of Imperial Chemical Industries described the problem this way: "It is the combination of the government as (a) by far the largest single user of the country's industrial resources, (b) the largest employer of labor, (c) the controller of monetary and credit policy, and (d) a competitor for votes in a democratic country which makes inflation difficult to control."

The Macmillan government, however, had just taken office a few weeks before last spring's wage decision. And it felt too unsure of itself, after Eden's Suez fiasco, to grapple with the politically explosive wage issue. Some British economists say that this was the worst economic consequence of Suez.

• **Union Views**—Macmillan hasn't been sitting on his hands since that time. During the summer the government has been negotiating with union leaders on the question of wage restraint—apparently with some result. Union leaders reportedly have told members of the cabinet that if the "atmosphere" were right, they would be willing to cooperate in halting inflation.

As the government sees things, its new policy should help create such an atmosphere by its bad effect on private business—by taking the last bit of bloom off the stock market and bringing a profit squeeze. So if retail prices also hold steady, union leaders may go some distance in urging rank and file workers to moderate their wage demands. Apparently the Trade Union Congress is disturbed by Gallup polls showing a fast-rising public hostility, even among union members, to anything that contributes to inflation.

• **And Labor Party's**—On this whole

Royal Swedish Navy Orders Vertol 44's

A special committee of the Swedish Navy made a year-long study of helicopters suitable for anti-submarine warfare as well as utility transportation. In the United States they consulted with headquarters personnel of the three armed services, visited helicopter manufacturers and toured military operating units.

At the conclusion of this intensive study, the Swedish Navy placed an initial order for four of the 22-place Vertol 44's, to be augmented later by additional procurement.



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issue, the Labor Party is likely to take a much tougher attitude than most union leaders, especially if party election hopes keep rising at the rate they have for the past few months. This seems to preclude any possibility of a Tory-Laborite coalition government to lick inflation.

Actually, the fear of a Labor victory has been one of the reasons for lack of confidence in sterling, both in Britain and abroad. Labor already has indicated that it would reestablish a controlled economy and push ahead with some form of nationalization. The fear is that another Labor government would inevitably mean rampant inflation, devaluation, dissolution of the Commonwealth, and a catastrophic economic decline in Britain itself. Of course, the Labor leaders don't admit this. On the contrary, they plan to win the elections on a promise to "beat inflation, which the Tories have been powerless to halt."

• **Economic Picture**—The strange thing about this sterling crisis is that the United Kingdom's economy is performing relatively well at the moment. Exports are expanding, imports are moderate, and the balance of payments on current account yielded a surplus of £200-million in the 12-month period from mid-1956 to mid-1957. British officials now estimate that the surplus during the current 12-month period will be £300-million—barring serious strikes in Britain or a terribly sudden slump in the U.S.

London's big problems have been on capital account, and they started even before the British flight from sterling last spring. One of the biggest troubles has been caused by India's second five-year plan, which London decided to underwrite by a complete unblocking of sterling balances. As a result, New Delhi has withdrawn and spent £300-million during the past 18 months. But India is only part of the problem. As underdeveloped countries such as Ghana and Malaya become independent they all tend to go in for wild spending sprees for development.

• **Question Marks**—In effect, Britain is turning its sterling debts (the sterling balances) into a dollar debt when it lets India use sterling freely and then borrows dollars from the IMF and Ex-Im. With outside observers at least, that is raising a very basic question—whether the sterling area has become a millstone around Britain's economic neck.

Clearly this issue, as well as others, is coming to a head in the upcoming test over wages. The real question is whether British workers are willing to accept a temporary check to their living standards to save the sterling area and London's position as international banker. **END**



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Swiss Electrical Giant Gains Foothold in U.S.

Brown Boveri has managed to sell its equipment here despite many obstacles. Now, it's ready to broaden its beachhead.

Right after World War II, Brown Boveri & Co., Ltd., the giant Swiss electrical manufacturing company, looked over the U.S. market and decided that the time was right to attempt a major beachhead.

The company made the decision fully aware it would have to buck competition from such U.S. giants as General Electric, Westinghouse, and Allis-Chalmers. It gambled that it had the skilled mechanics, engineers, and production facilities to produce big custom electrical equipment—such as turbines and generators—at prices low enough and quality high enough for U.S. customers.

• **Successful Gamble**—So far, the gamble has succeeded. Sales of Brown Boveri Corp., its U.S. subsidiary, jumped from \$1.6-million in 1949 to \$12.5-million last year. Sales for the first six months of 1957 are \$7.7-million; the order backlog is \$20-million.

These sales didn't come easy. Brown Boveri has had to run a gauntlet of problems (BW—Jun. 13 '53, p148) ranging from tariffs, "Buy American" restrictions, antipathy of many buyers toward foreign equipment, and a barrage of

criticism from the press and unions.

• **Grandiose Plans**—It has coped with most of these, and now has more plans for its role here. Until this year, the company's policy has been to supply equipment to U.S. customers from its Baden plant in Switzerland. Key to its strategy revolves around a \$500,000 plant on a 24-acre tract near North Brunswick, N. J. The plan has two steps:

First, the Brunswick facility will be used as a service and assembly installation. One obvious advantage is to provide customers with local service; it also has the psychological advantage of showing prospective buyers that Brown Boveri is in the U.S. to stay. Equally important is the fact that most equipment assembled at the plant will contain over 50% U.S. parts, either produced at the plant or bought here. This qualifies such equipment as a domestic product, frees it from "Buy American" restrictions.

The second step is more important. Within 10 years, Brown Boveri expects to expand the North Brunswick plant to a large assembly and manufacturing operation. Paul Sidler, president of Brown Boveri Corp., figures that by 1968, the Brunswick plant should employ 1,000, produce \$15-million to \$20-million worth of electrical goods. By then it should account for half of the company's projected \$40-million U.S. sales.

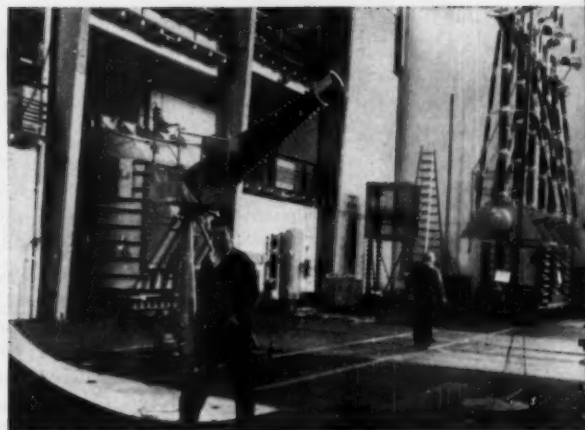
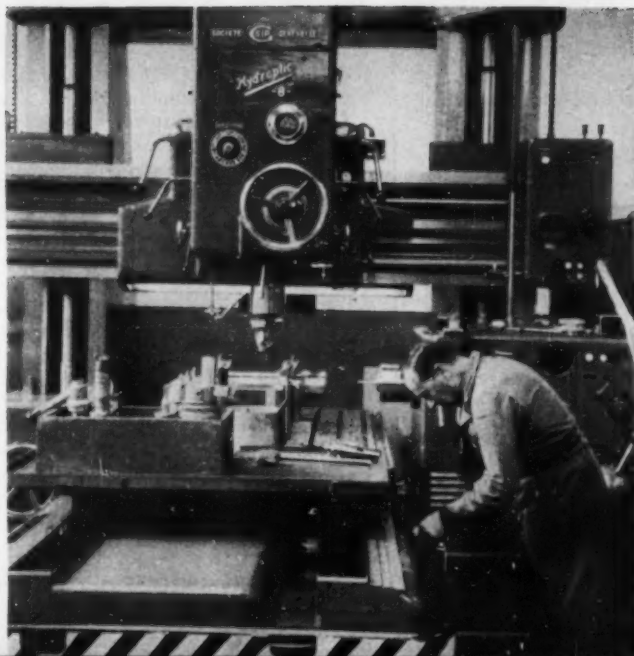
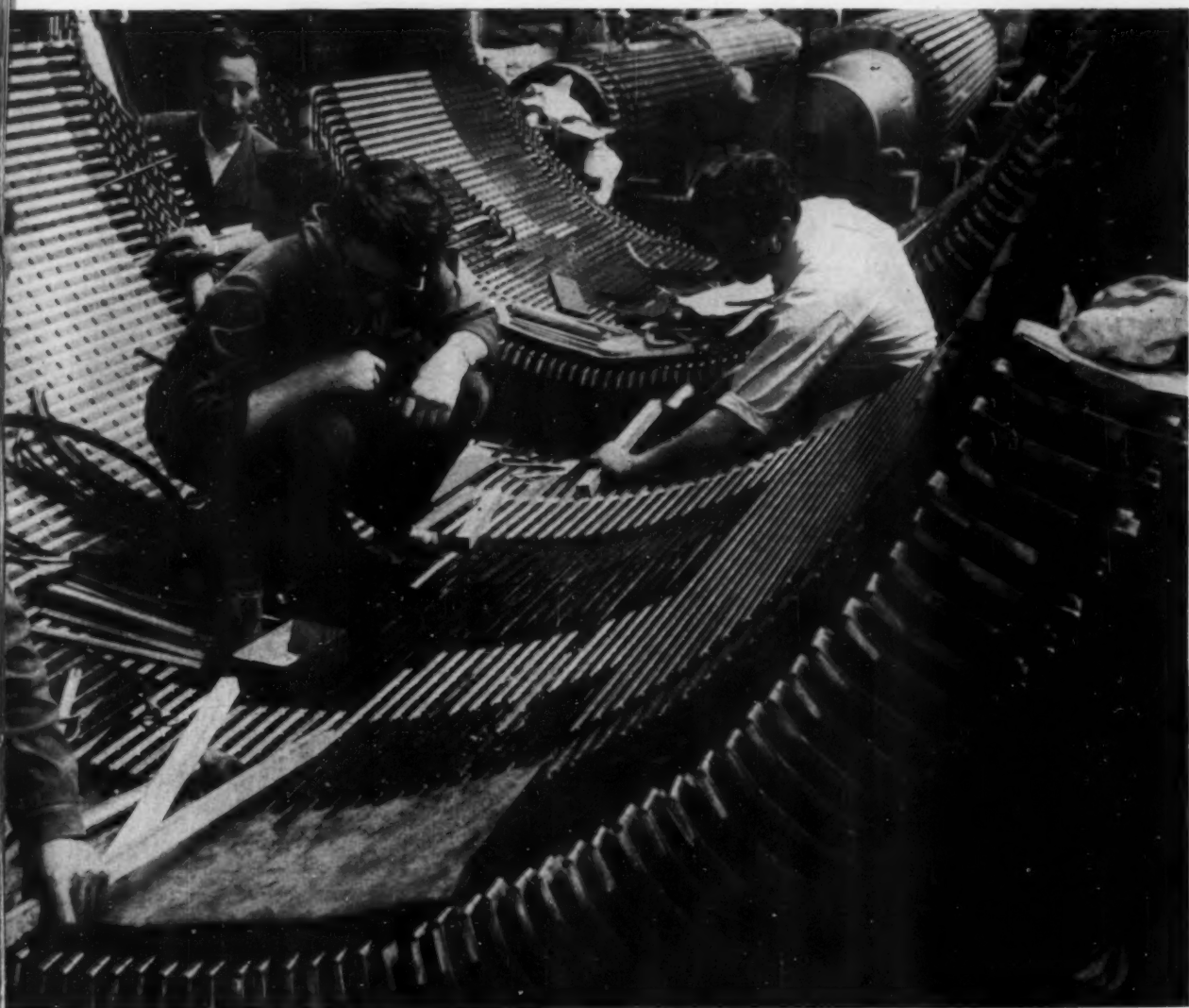
• **Foreign Moves**—These plans for ex-



WORKMEN assemble large generators at Brown Boveri's Baden plant. Much of this equipment is custom designed and built.

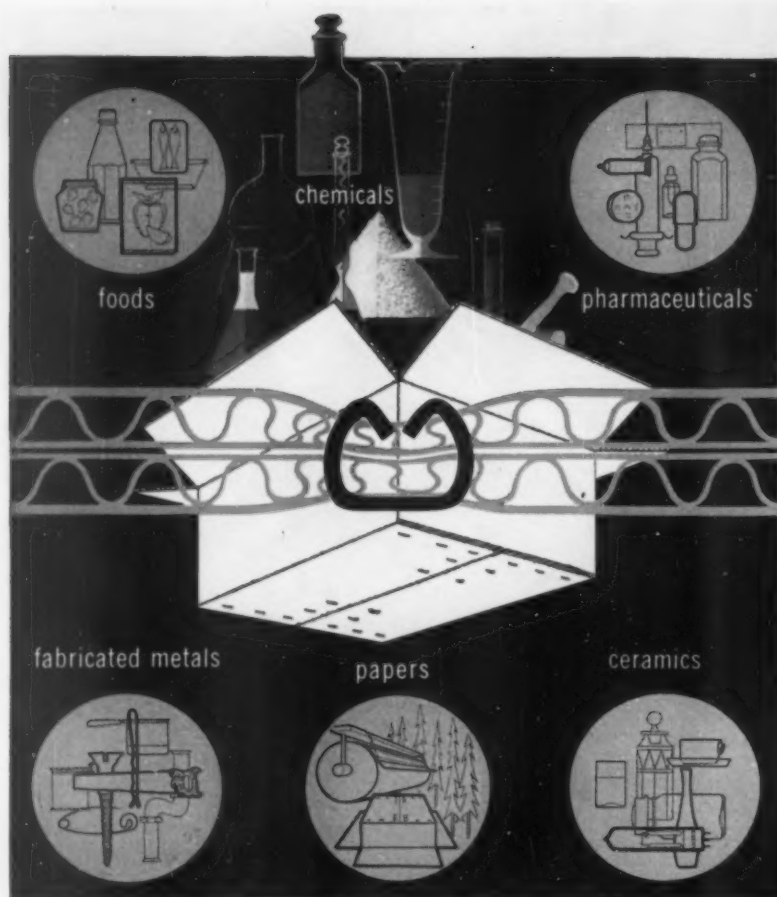


ASSEMBLY LINE is used to turn out small motors at Baden. Company also has many plants outside Switzerland.



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WIRE STITCHING



DR. WALTER BOVERI directs Brown Boveri's far-flung operations from Baden.

panding its American foothold come at a time when Brown Boveri is preparing for new expansion moves in South America and for some basic shifts in operating methods in Europe—to meet the establishment of a Free Trade Area. Yet for a company whose life blood is foreign trade, changing directions are part of the normal pattern of business.

I. Trading Assets

It's difficult to appraise Brown Boveri's new plans without an awareness of its background. Ever since its formation in Baden in 1891 by two young engineers, Walter Boveri and Charles Brown, the company has been Swiss-managed and foreign trade-minded.

• **Important Firsts**—In 65 years' time it has accumulated an impressive number of "firsts" in the electrical field. Among them: the world's first electric locomotive (1896); the world's first gas turboblower (1908); the first diesel-electric ship engines (1929); the world's first gas turbine locomotive (1940).

In that time, it has spread its activities over Europe and the world. Today it has over 160 sales offices, seven manufacturing subsidiaries outside of Switzerland.

• **Far-Flung Installations**—In fact, while Baden is still the company's headquarters, it is no longer Brown Boveri's biggest installation. Of the company's 1956 sales of \$350-million, its German subsidiary at Mannheim accounted for \$138-million, as against Baden's \$83-million. Only one-fifth of the company's 60,000 employees are located in Switzerland; Mannheim has 26,065; Paris, 9,791; Milan, 4,527; Vienna, 2,361; and Oslo, 1,611; Canada, 379; and Brazil, 246.

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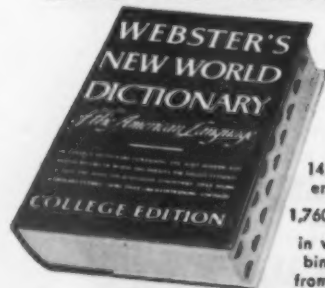
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"... Brown Boveri has cracked some markets by virtue of price, others by improved products ..."

STORY starts on p. 96

ter Boveri, son of one of the founders. His family controls 25% of the company's stock. It was Dr. Boveri who set the company's moves into the U.S., and emphasized concentration on custom-built equipment. This, he believes, is the company's best bet in competing price-wise with U.S. manufacturers.

• **Competitive Advantages**—This doctrine stems from several factors. Most important is the fact that custom-built jobs usually involve a high percentage of labor costs and, while Swiss workers are the highest paid in Europe, their wages equal only 60% of those of comparable American workers.

In addition, Brown Boveri can tap a good supply of excellent Swiss machinists.

Another advantage in building custom equipment is the experience of the company's design staff. Custom-built jobs traditionally have been the bread and butter of the company's production; it has decades of experience meeting the standards and specifications of buyers from dozens of nations.

• **No Waste**—And like most European manufacturers, Brown Boveri is very materials conscious. The company, for example, must import transformer sheet steel from the U.S.—which eventually gets shipped back here in product form. There is a fetish at Baden against wasting material—especially waste in design. If a 1/4-in. bolt will meet a design's strength specification, there's no conceivable reason to use a larger bolt.

This push for economy of materials goes hand in hand with Brown Boveri's emphasis on light and compact design. As a major exporter, it must keep transportation charges in mind.

II. The Tough U.S. Market

By such careful planning, the Baden company has been able to deliver big generators and transformers here at prices 10% to 20% below their American competition even after paying tariffs ranging from 12% to 27%. But that hasn't ended its problems in selling the American market.

• **Early Reputation**—For one thing, Brown Boveri has had to live down the reputation of the 1920s when it set up an American subsidiary, then lost control to a group of speculators. The stock followed a dizzy pattern, finally hit bottom when the crash came, and the company was liquidated soon after.

The Swiss company's reputation suffered another blow in the 1920s when the blading in the giant steam generator

it built for the Hell Gate station of the former United Electric Light & Power Co., New York, became defective. The company refused Brown Boveri's request to repair it at low cost, instead called in General Electric to repair the turbine completely.

• **"Buy American"**—The "Buy American" provisions in many government contracts also have ruled Brown Boveri out of jobs. Currently, a foreign bidder is eliminated unless his bid is more than 6% below that of the lowest U.S. bidder. And if the American company is in a high unemployment area, the foreign bid must be at least 12% lower.

Even when Brown Boveri comes in well below the "Buy American" restrictions, questions of unfair competition, reliable design, and available repair and servicing often come up. Just last week, it became known that 10 British-made transformers for Chief Joseph Dam were defective and were being sent back to the maker for repairs (BW—Sep. 28 '57, p. 124). Such publicity also hurts Brown Boveri.

• **Foreign Competition**—There's also increasing competition from companies outside the U.S. English Electric Co. Ltd., Maschinen Fabrik Oerlikon, Feranti, Ltd., of England, and Tosi Franco S.P.A. of Legano, Italy, all actively sell in the U.S.

In 10 years, the Baden company has licked many of these obstacles. It has cracked some markets by virtue of price, others by improved products, such as its air-blast circuit breakers. It now numbers among its government clients the Atomic Energy Commission, Bureau of Reclamation, Tennessee Valley Authority. It recently began shipments on an order of thirteen 86,000-kw. transformers for the Massena (N. Y.) station of the St. Lawrence power project. Its industrial customers include Detroit Edison, American Gas & Electric, Public Service Electric & Gas.

• **High Hopes**—Sidler feels the North Brunswick plant will open many more doors. It will offer better repair services than before—which will meet the new requirement of several government agencies that foreign companies bidding on items must have U.S. or Canadian located service facilities.

The assembly operation also is an important plus. For example, a circuit breaker switch cubicle normally requires several hundred parts Baden does not make. Previously, these had to be purchased here, then assembled along with the Baden-produced parts by a subcontractor. Now, the Brunswick plant can do the assembly work, buy or make



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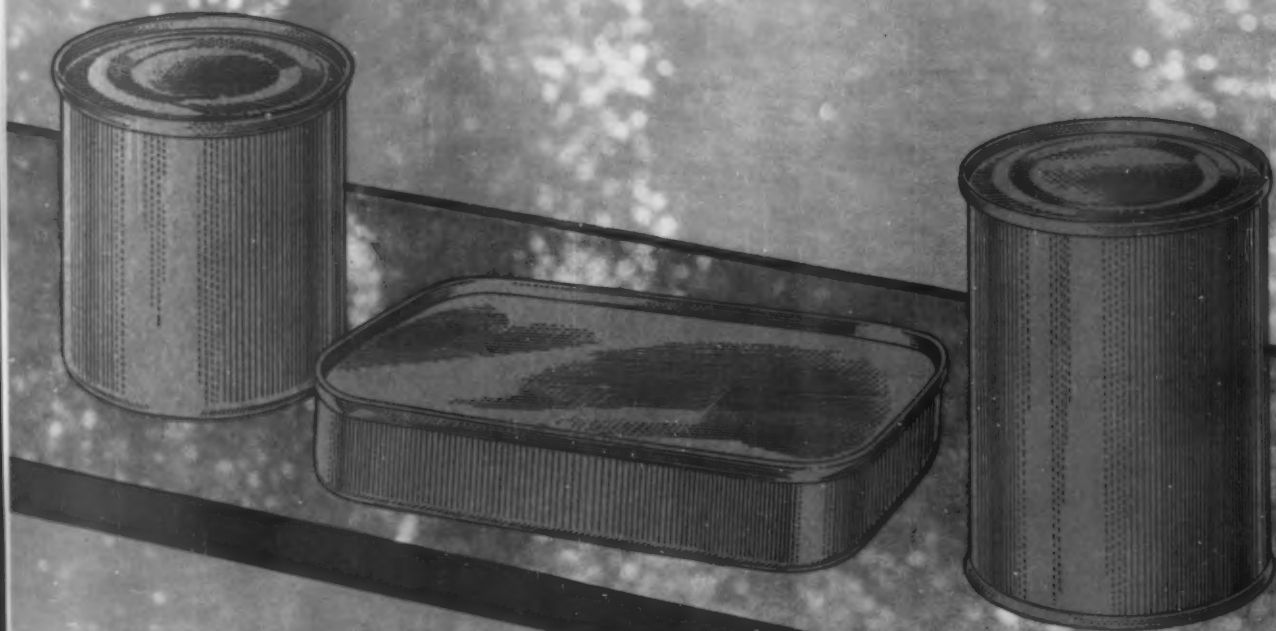
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the required parts. And the finished product will qualify as a domestic item.

As the plant's staff develops experience on assembly operations, it will be given more complicated jobs—and eventually move into manufacturing operations.

III. Global Operations

The Brunswick plant is just one of the projects Brown Boveri has under way. Four years ago it took a major step by opening a \$6-million plant in St. John, Quebec, to cash in on Canada's growth potential.

- **Brazilian Operation**—Shortly after, the company purchased a plant in Brazil and this year constructed one at Sao Paulo. These installations were set up because Brazil's currency problems hampered its ability to import electric products. Just recently Brown Boveri's Brazil subsidiary won a \$2-million contract for electrical equipment for the Barra Bonita power dam to be erected by the State of Sao Paulo. Preference in the bidding was given to Brazilian manufacturers, including Brown Boveri's subsidiary, over European firms.

Now, Brown Boveri is eyeing possible new plants for Mexico and Peru.

- **Changing European Market**—Baden's new moves aren't limited to the Western Hemisphere. Its major business is in Europe, and Dr. Boveri and the company's top management are studying the impact of the Free Trade Area.

Switzerland is one of the six countries eventually expected to ally themselves with the six-nation European Economic Community in creating a free trade area whose principal feature would be a customs union for industrial goods. It would permit free movement of trade without tariffs or quotas (BW—Jun.29'57,p70).

Such a free trade area naturally would stimulate mass production and mass marketing in Europe. This would run contrary to Brown Boveri's organizational setup.

Baden set up its major foreign plants at the beginning of the century to get around the high tariff walls then common in Europe. Mannheim, Paris, and Milan—which would be affected by a Free Trade plan—generally manufacture the same products as Baden, but limit themselves primarily to the needs of their home markets.

- **Free Trade Problems**—With a Free Trade market, the tendency would be to centralize manufacture of the different products to single locations. This would mean a vast realignment of production facilities and management responsibilities. It would also mean changes in Brown Boveri's research and development work now concentrated at Baden—where a complete line of company products is made. **END**

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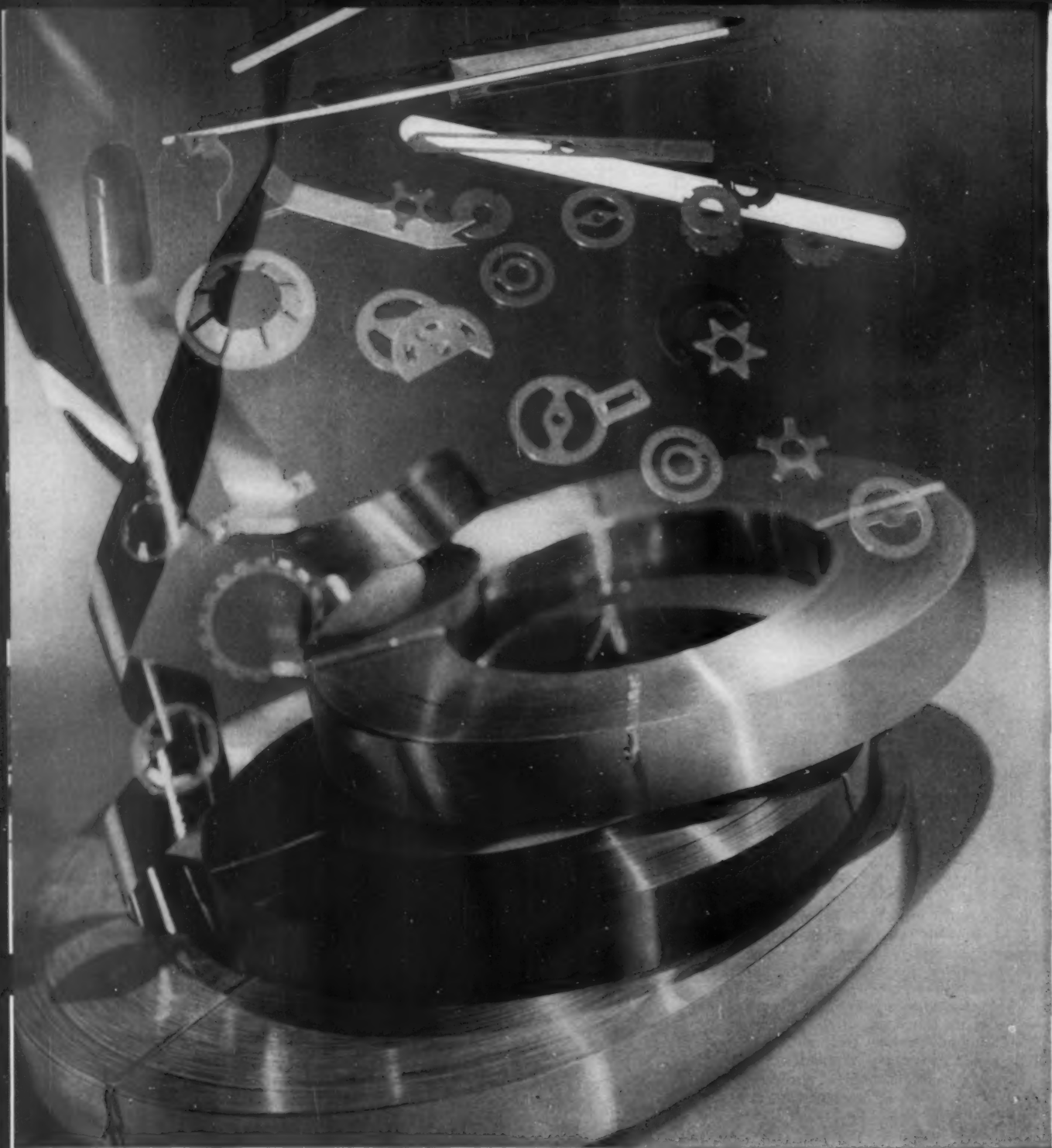
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Bankers Return to Orthodoxy

Delegates at Washington meetings chorus need for old fashioned methods to combat world-wide inflationary pressures.

The men pictured at the right participated in an informal panel discussion that was easily the hit of the 12th annual meeting of the World Bank and International Monetary Fund, held last week in Washington (BW-Sep.28'57,p46). Delegates flocked to hear what they had to say partly because of the prominence of the panel, but even more because of the subject they discussed—how to fight inflation.

Every one of the sessions at the week-long meeting dealt, in one way or other, with the question of inflation. Inflation has in fact emerged as a common phenomenon throughout the free world. In some countries, the rise in prices is much more extreme than in others, but there are few places that it is not a pressing problem.

Those who attended the informal discussion heard little that was new in the way of a solution to the problem. On the contrary, the four main speakers, who came from four different continents, all declared, with only minor modifications, that orthodox monetary and fiscal policies are required to combat inflationary pressure.

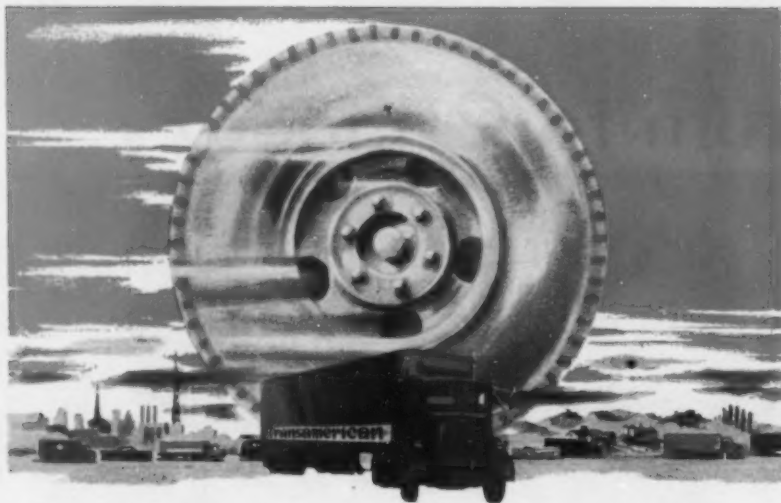
• **Plea for Stability**—The consensus of the meeting was perhaps best summed up by Sir Dennis Robertson of England's Cambridge University, who declared "I regard the slide of the currency as unequivocally an evil," and called on the free world's finance ministers and central bankers to use all their powers to maintain a stable price level.

This appeal for orthodoxy, even if it should mean an increase in unemployment and a decrease in consumption, has already been heeded. The advanced western nations like the U.S., Great Britain, and France, have been leaders in the swing towards restricting credit and raising interest rates. But delegates from the underdeveloped areas of Asia, Africa, and South America also expressed their fears of spiraling prices and provided details of their attempts to hold them in check. Clearly, orthodoxy on the part of monetary and fiscal authorities has become the international order of the day.

• **Reverse Rush**—This return to fashion of orthodox policies in order to hold prices down is a relatively recent development. There has always been a



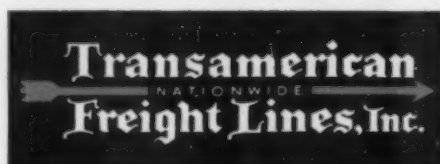
WAR ON INFLATION. That was the topic that made this panel discussion the hit of the 12th annual meeting of the World Bank and International Monetary Fund.



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hard core of conservative economic thinkers who have deplored the debasing of currency through rising prices. Though governments have paid lip service to this viewpoint, they have ignored it in practice. The new willingness to restore it led one observer at last week's meeting to remark, "It's like a gold rush back to the practices of the gold standard, only without the gold."

The fact is that the new orthodoxy possesses many features of a gold standard era. Under the gold standard, countries that adhered to its rules were automatically forced to keep the external value of their currency stable. That's because each currency unit was freely convertible into a specific amount of gold. Any country that lost gold had to follow a deflationary policy in order to bring gold flowing back to it.

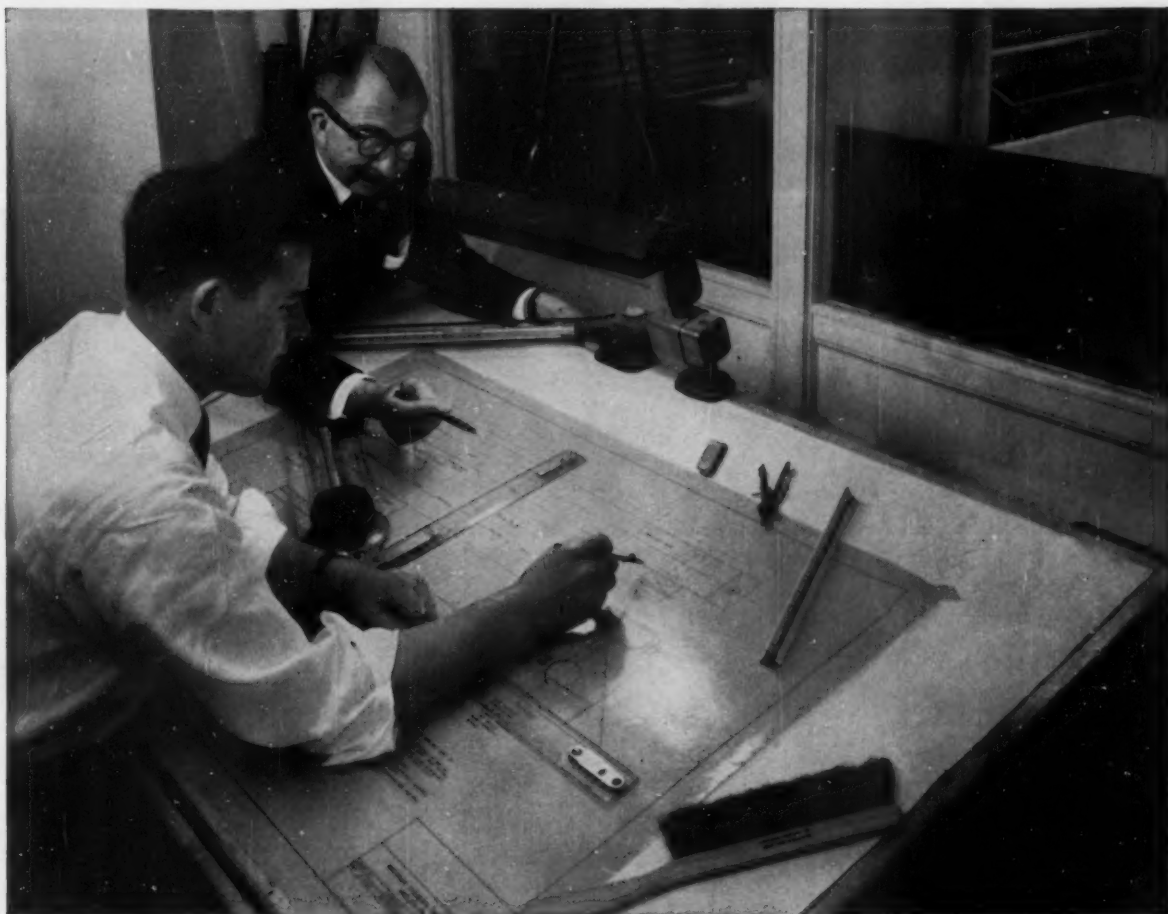
- **Automatic**—The feature that endears the gold standard to orthodox economists is that there is a minimum of government interference in economic fluctuations. Rather, it is an automatic "laissez-faire" process that comes into operation. Thus, when a country had an imbalance in its foreign payments because it imported more than it exported, it immediately felt a loss in its gold reserves. This decrease in reserves was promptly followed by a contraction in domestic credit, which deflated prices and led to a drop in employment. As a result, there was lower demand for imports and exports increased. This in turn meant an inflow of gold that brought payments back into balance.

From an orthodox "laissez-faire" standpoint, the automatic readjustment in a domestic economy under the gold standard is the most logical and direct way of correcting an imbalance. The trouble is that it is painful and can be politically—and economically—suicidal. This was the case after World War I, when wild currency swings, prompted by speculative movements of capital, disrupted one economy after another.

- **Pros and Cons**—There are, to be sure, advantages to the gold standard system. When it was in use, it provided a means by which world trade was able to function smoothly and efficiently—and without any of the bilateral arrangements or stabilization schemes that have since come into being. It also meant that creditor nations—those who lived up to the rules and showed a surplus—were not penalized by having to bail out debtor nations.

But the disadvantages far outweighed the benefits. Any country that found itself with diminishing gold reserves was immediately forced to cut down on its expansion. This produced large scale unemployment and wasted resources—both human and material. In the late 1920s, when there was not enough gold to meet the demand, the whole world

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THE CHANGING PRODUCT PROFILE

Early in its corporate career, Worthington saw that to grow it must diversify

Why is it that many one product companies soon become multi product concerns? As the chart at the right shows, to grow you must diversify.

Formed to manufacture a revolutionary steam pump, Worthington soon felt the pinch of economic laws. In a program that has really never ended, Worthington has introduced so many new products that it now markets one of the broadest lines in American industry.

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finds unusually successful in any diversification program:

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But it must do more than that. In order to accelerate its growth, Worthington builds for growth markets. You'll find Worthington engines, compressors, pumps, turbines, air conditioning and other power products



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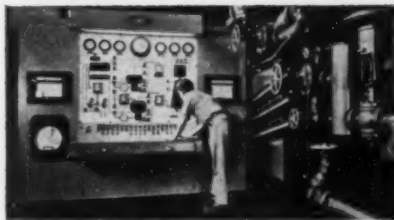
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Invest in research. To develop the new products to maintain its leadership, Worthington currently spends on research and development about twice as much as the industrial average.

is one reason why Worthington sales since 1950 have grown at a rate more than twice the industrial average.

Invest in the future. One of the best ways to diversify is by investing heavily in research. Year after year, Worthington spends about twice as much on research and development as the average industrial company. Ten laboratories keep Worthington abreast of fast-changing customer needs.

Out of these "diversification workshops" have come high speed boiler feed pumps that run at 9,000 revolutions per minute and a new line of air conditioning compressors half the size of the older units. Worthington has also pioneered in applying supercharging to diesel engines, as well as in developing equipment for the atomic age.

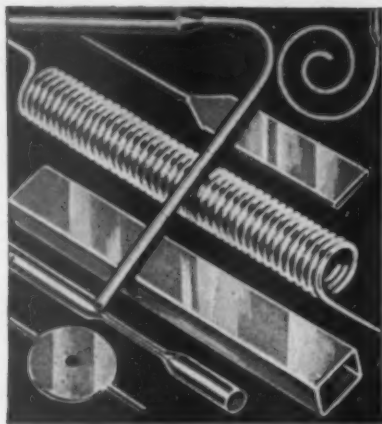
You can't substitute for experience. In order to accelerate its diversification program, Worthington sometimes acquires other companies. Some companies that have added their experience to Worthington include: *L. J. Mueller*, maker of home air conditioning and heating products; *Mason-Neilan*, manufacturer of control valves and regulators; and *Electric Machinery*, motor and generator builder.

If you would like to know more about Worthington and its products, won't you write for a copy of the 1956 Annual Report? Address Section 325-3, Worthington Corporation, Harrison, New Jersey.

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was thrown into a debtor position.

The worldwide depression of the 1930s signaled the end of the gold standard. Instead, the U.S. and most of Europe adopted economic policies that put a priority on stimulating internal business activity. Some attempts were made to stabilize the external value of currency, but this was no longer an automatic affair. Most countries established currency exchange controls and set up a hodge-podge of trading rules. These permitted a world trade, although in smaller volume. And they ended big capital movements that upset internal activity.

• **Another War**—Trade was again put out of joint by World War II. When the war was over, most nations were intent on a thorough reorganization of their trading patterns. But they were also firmly convinced that the reconstruction of domestic industry and the stimulation of employment came first. In fact, the fear of deflation was still so great that full-employment policies and government pump-priming practices gained wide acceptance. The idea of external price stability was much less important to most political parties than was the need to maintain high levels of consumption.

Now, after a prolonged period of worldwide expansion, only temporarily halted by minor adjustments, deflation has lost a lot of its menace. The menace, now, as one of the World Bank panelists, Federal Reserve Chmn. William McC. Martin, put it, comes from "pervasive inflationary pressures" that "contribute to the erosion of our currency and undermine the savings and investment progress of all of us."

Martin's words contain a strong echo of the orthodox gold standard line. As he sees it, inflationary pressures can upset world trade and finance as readily as deflationary pressures. His solution is for each country to maintain an internal stability in prices—which would carry over to its external position.

• **Source of Strength**—There is no doubt that if internal stability can be achieved it will give a nation external strength. For one thing, a country that demonstrates its ability to maintain growth without inflation is likely to attract foreign investment. For another, it can keep its imports from growing faster than its exports.

This is what Western Germany has managed to do. It has limited the supply of credit and raised interest rates for a longer period than any other country in Europe. Industrial production and exports have increased while wage rates and imports have been kept in check. Thus, Germany has built up a surplus in its foreign balance of payments, which has attracted speculative capital from less stable economies.

Other nations are now following the

German example. Great Britain, in particular, is taking strenuous efforts to check domestic inflation that has served to weaken the external value of the pound (page 86). It is resorting to the classic deflationary pattern of high interest rates plus restrictions on credit to restrain both the demand for goods and pressure for new wage increases.

• **Bitter Pill**—British delegates at the meeting frankly admitted that this deflationary policy would be bitter political medicine. It might bring a rash of strikes and a rise in unemployment. But the British appeared willing to take the risk in order to stabilize the pound.

Britain is not the only country using strong orthodox measures. Denmark has already embarked on a deflationary policy that entails severe fiscal and monetary restraint. This has included new taxes that will provide a budgetary surplus and cut down on demand for imported goods. Unemployment, which is presently 10% of the work force, is expected to rise to 12%, which politicians regard as the limit.

• **Innovations**—Although most countries are sticking to the classic methods of restricting the money supply and raising interest rates, some have put innovations into effect. A number of countries use selective credit controls over such areas as housing and consumer credit to supplement their indirect controls. In addition, some central banks have differential discount rates, making it easier or tighter to borrow on various types of paper.

For example, Colombia has set a preferential rate for loans to industry, cattle raising, and low-cost housing. In Peru, industry and agriculture get lower rates. Countries dependent on export trade, like France, Belgium, and Japan, have established preferential rates for exports.

Another form of specific control is the central bank "directives" to commercial banks. Some of these directives are informal arrangements made possible by close ties between the central bank and the commercial banking community. But some are actually written orders that forbid the banks to increase their lending activities above a specified amount. Great Britain is using this device in its latest tightening move; so are Austria, Sweden, and Norway.

• **A Holdout**—The U.S. in fact is one of the few countries that has not resorted to specific controls to combat the current wave of inflationary pressure—aside from margin requirements on stock disposal—and has refused to demand any. Robertson remarked that he had noted "with high respect, but I think with regret" that Martin "has recently disclaimed the desire to be re-entrusted with those special powers for

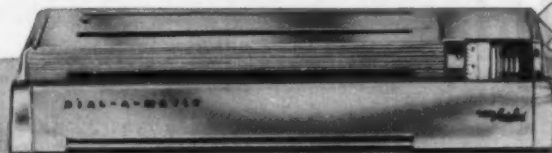
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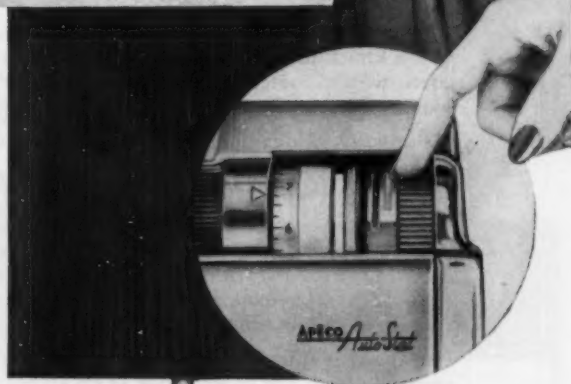


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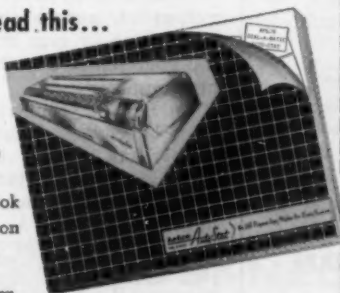
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the regulation of consumer installment credit which have undoubtedly been found useful elsewhere."

Many delegates felt these selective controls are helpful when used in combination with general over-all controls over credit.

• **Doubters**—Some authorities do feel that the use of orthodox and unorthodox means of restraint is questionable. For example, the Economic Commission for Europe notes that "there has been a pronounced tendency towards general tightening of credit—accompanied by a growing skepticism concerning the usefulness of monetary policy both as a device for dealing with wage-inflation and as a means of rectifying balance-of-payments deficits."

But there was little of this skepticism in evidence, in public, during the World Bank-IMF meetings. Instead, there was a general belief that tight credit, as Robertson put it, "can work its way through on to the labor markets and effectively promote the making of bargains which do not outrage the community's fundamental interest in safeguarding the value of its money."

• **Political Strain**—There were some doubts that the new orthodoxy could withstand the political pressure arising from deflation. Britain's government appears determined to be a test case. But other countries freely admitted that they would not allow their desire for stability to endanger their growth.

For instance, India is using both fiscal and monetary measures to cut down on consumption. It has imposed new taxes and has increased the cost of credit to encourage greater savings. But the Indians feel that they cannot push their policy to the point of stopping growth. They make clear that political demands for a higher standard of living cannot be ignored in the quest for stability.

• **No Sweep**—The new orthodoxy will not be a return to the old automatic rules of the gold standard. Few countries are willing to take the extreme measures the classical rules required.

• **Internal Stability**—The most that can be expected is that internal stability will become one of the major objectives of nations' economic policy. They hope to gain the advantages of the gold standard without the painful disadvantages.

But how far countries are willing to go is undecided. Most want to maintain growth without inflation. A few countries will seek stability if it means large scale unemployment and a drop in living standards. As one delegate put it, "Orthodoxy is all right if you can stay in power, but it will go out the window if it looks like you'll be thrown out." **END**

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California state treasurer makes rounds of bond buyers, to improve the marketability of the state's securities.

The tall, graying man in the pictures, A. Ronald Button, 54-year-old treasurer of the State of California, is bent on a mission that's rather unusual for a high state official. In effect, he is laboring as a door-to-door salesman in a whirlwind dash around Hartford. His product in this round of doorbell ringing in Hartford last week: California state bonds.

The doors Button knocks on—in such financial centers as Hartford, New York, and Chicago—are mainly those of prospective purchasers of his bonds. That means officials of insurance companies, pension trusts, savings banks, and other big institutional bond buyers. He also stops to see underwriters and dealers, the actual bond retailers.

By his peripatetic sales campaign, Button has added a personal factor to the intricate mathematical balancing

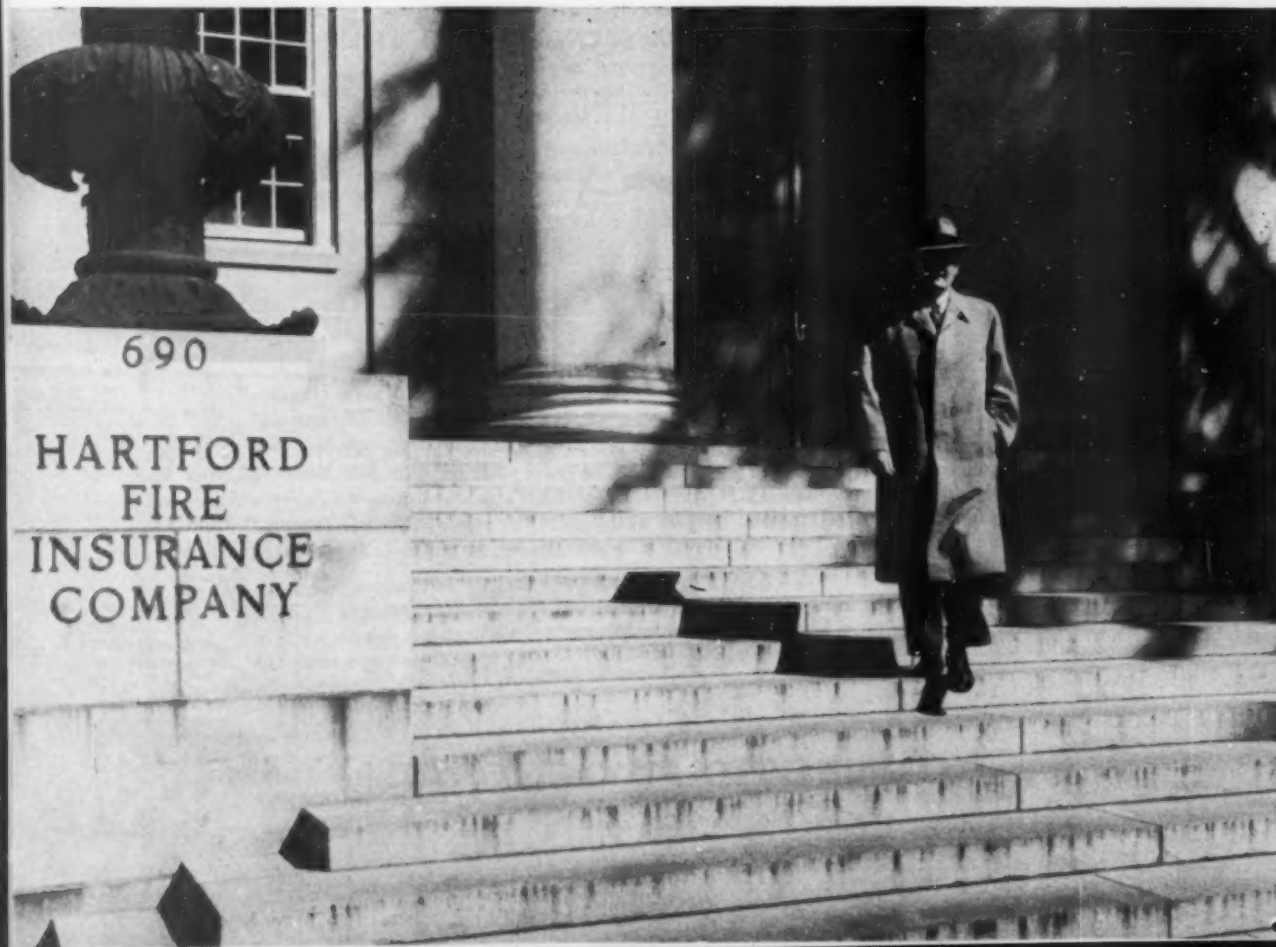
and investment analysis that go into the sale of state and municipal issues—what one banker who has talked to him calls “the human equation in the evaluation of a municipal issue.” It's a factor that can improve the marketability of bonds, and by slicing fractions of a point off the interest cost of a bond issue can save a state substantial sums in interest payments over the life of a long-term issue.

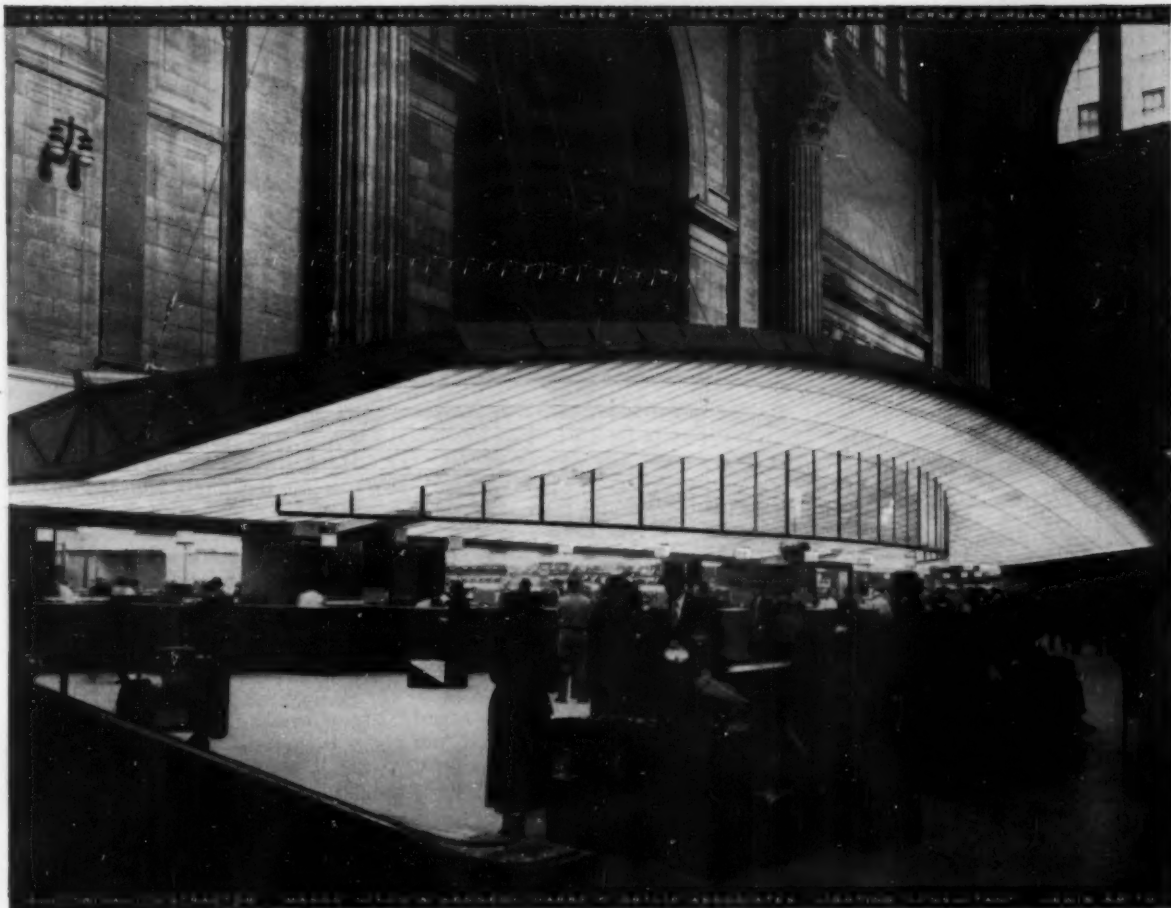
• **Stimulus**—In a sense, it was Button's lack of experience in handling large bond issues—despite his long familiarity with corporate finance—that led him to this new approach. He has been in office only since November, 1956, when Gov. Goodwin Knight appointed him to fill out the remaining 26 months of the four-year term of his retired predecessor.

Button no sooner got his desk in

FULL DAY—California Treas. Button gets set for a round of bond promoting.

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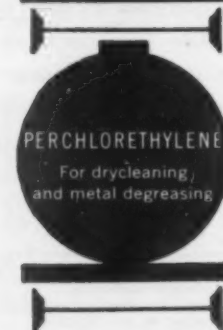
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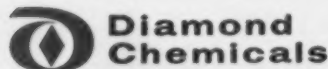
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ITINERARY—Button and Asst. Treas. Lapham prepare for calls on underwriters to help promote California bonds.

order than he found he was facing a gigantic task. In January, California marketed \$85-million veterans and school bonds. In April, it went to market with another \$80-million issue, in July with another \$50-million. This month the state will peddle still another \$85-million bond issue. Total: \$300-million. This sum, Button calculates, will make California the largest bond-selling state in the Union this year. And there's no letup in sight. Next year California will bring to market another \$300-million of bonds.

That's a man-sized job for any state treasurer. It's even bigger when you consider that this huge total is let loose on a securities market already flooded by demands of municipalities for capital funds (BW—Sep. 21 '57, p181). New securities have been coming to market this year in near-record amounts. Right now, municipals scheduled for sale through October come to about \$442-million, highest "visible" supply for a 30-day period since April. California's upcoming \$85-million issue accounts for 19% of this.

• **Treasurer's Job**—For many state treasurers, nursing along bond issues is just a part of the job of acting as watchmen over the state's purse. Their main function is to keep track of the state's money requirements, see to it that there's enough in the bank to pay the bills. Occasionally, a state treasurer will trek down to Wall Street to call on his underwriters. Mostly, he will confine his extra stops—if he makes any—to the rating services (Moody's, Standard & Poor's, Dun & Bradstreet), relying on them to keep the financial community apprised. Most municipal issues come to market with little more

fanfare than an ad in *The Bond Buyer*, the municipal bond man's "bible."

• **Dissatisfied**—Some of these veterans might regard Button's activities as a mite unsophisticated. Yet despite his lack of specific acquaintance with the handling of large bond issues, Button brought to the treasurer's office a long experience as a Los Angeles lawyer specializing in such things as corporate organization and financing. He was also director of a number of California corporations, and has extensive real estate holdings in the state.

Button had no real hand in the first bond sales after he took office—the January issues, handled by a syndicate headed by the Bank of America at an average net interest cost of 3.31%. But when he learned that there was only one bid for the issue, he was displeased. In his tiny Hotel Statler suite in Hartford last week, he recalled: "I didn't like the interest rate we got, and I was a little surprised that there was only one bid."

He has learned since there was a reason for the single bid, and is now in full agreement with the views of Alan K. Browne, vice-president in charge of the Bank of America's municipal bond department. Browne explains that because of the heavy volume and frequency of California issues coming to a tight market, one bid was the best way.

Competitive bidding, Browne explains, would tend to reduce the size and strength of the selling syndicate, making distribution of the issue more difficult, with a possible adverse effect on cost of future issues.

• **Promotion**—Though Button now agrees with this, it was his original dissatisfaction that led directly to his present road career. He began, however, from a different angle.

Taking stock of the January bond sale and the manner in which it was prepared, Button couldn't understand why municipalities and states didn't promote their bonds as corporations promote new securities issues. He says:

"Coming from the business world, I would have put together brochures and statistical material to help tell our story. I checked around with financial people to see what they thought about the idea of doing this with California bonds. I figured that if companies do it, why shouldn't states?"

The financial men seconded the idea, and Button prepared a brochure summarizing California's economic background, growth, industrial development, and financial situation. Helping him was 44-year-old Lloyd Lapham, a former United Press Washington correspondent, appointed in January to the newly created post of assistant treasurer.

Actually, Bank of America, which specializes in California municipals, nor-

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DINNER at Hartford Club with bankers
and insurance men is part of Button's job.

mally keeps key underwriters, investors, and rating services informed on the state's financial plans and activities. But Button's program would increase the flow of information and scatter it over a broader area. It would gain added impact because it would come directly from a top state official.

• **On the Road**—In March, a month ahead of the scheduled April bond sale, Button took to the road, accompanied by W. R. Currie, a financial analyst from the State Dept. of Finance. In advance of the trip, Button had sent out 2,500 copies of the brochure to leading underwriters, investors, financial analysts, and editors in the country's financial centers.

Button spent most of the time on that trip in New York. He lunched with some 50 members of underwriting firms, with a large group of investors representing banks, insurance companies, and other institutions, and with the financial press. Besides blazing these new trails for California he followed the path of other state treasurers to each of the leading rating services.

Says Button: "I was 100% impressed with the reception we received from these financial people. I was convinced I should continue the practice."

• **Touring Pattern**—It's not a practice for an officeholder in search of a sinecure. Take a typical day last week in Hartford. Button was up at 7, for breakfast with Asst. Treas. Lapham to go over the day's schedule. At 8:30 he checked mail and appointments. Then followed: at 9, a meeting of the National Assn. of State Auditors, Comptrollers & Treasurers; at 10, a private confab at the Phoenix Insurance Co., followed by a quick lunch, and a dash to a 2 p.m. meeting at the Hartford

Steam Boiler Inspection & Insurance Co.

At 3:45 p.m., Button was back at his hotel for a 20-minute phone conversation with his secretary at Sacramento, California's capital city. Then, at 4:20, came a panel discussion at the hotel; at 5:30, a meeting with F. Russell Abell, vice-president in charge of the investment division of the Connecticut Bank & Trust Co.'s trust department; at 5:50, a dinner at the Hartford Club with a dozen local bankers and insurance company officials.

This week, in New York, Button has a similar schedule, though with a bigger emphasis on meetings with investors and underwriters.

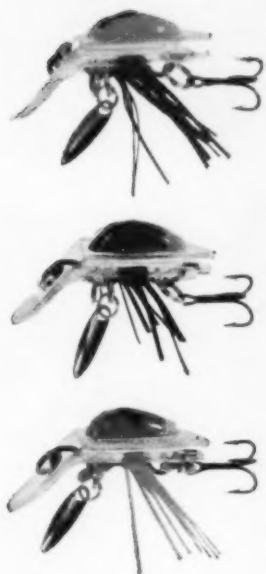
In his meetings, Button follows pretty much a prescribed pattern, first distributing his brochure to those who haven't seen it, and informally updating the information in it for those who have. He has dozens of facts at his fingertips—employment in California is higher than the national average; its population will hit an estimated 15.9-million by 1960; the state's veterans' loan program is on a pay-as-you-go basis; the state has introduced tight checks to keep its money invested and drawing interest up to the last possible minute before counties, say, actually cash in the warrants sent to them for tax allocations and similar payments.

• **Personal Touch**—But the financial men on the receiving end of this flow of information are as much interested in the man himself as in what he has to say. As V.-P. Abell of Hartford's Connecticut Bank & Trust Co. explains: "More than almost anything else, we're interested in the quality and caliber of the man who has his hands on the state's pursestrings."

It's difficult to translate this personal touch into tangible dollars-and-cents results. Even the men on the receiving end can't say for sure that it has an impact on the marketability of the state's bonds. But there seems to be a general agreement that whatever the effect, it's a positive one.

A top investment banker, a man active in Wall Street since 1918, says: "There's no question in my mind that there are many nuances that affect value. The kind of thing Button is doing can make a difference of one or two basis points when the time comes for us to decide just what the market will pay for California's bonds."

You can translate that difference into dollars and cents this way. A basis point is 1/100 of 1% of net interest cost. California's July issue of \$50-million bonds sold at a net interest cost to the state of 3.57%. Had it sold at just one basis point difference—at 3.58%—California would have had to pay out \$70,000 in additional interest over the life of the bonds. **END**



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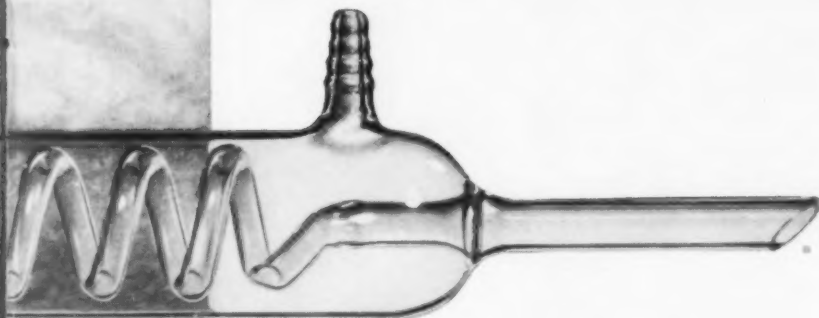
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DILEMMA DEHORNED



For centuries huge woven felts of pure wool have carried paper from the screens to the drying rolls on every paper machine in the world. Wool gives these felts the finish and drainage vital in making quality papers at low cost. But as paper-machine speeds increased, woolen felts began to wear out sooner. Some machines had to shut down every few days to change felts—and such shutdowns were very costly.

Then along came synthetic fibers with greater strength and resistance to abrasion, providing a partial answer. But unfortunately, felts containing too much synthetic fiber do not impart the finish essential to many types of paper. As you blend synthetics with wool to gain toughness on the one hand, you may sacrifice finish on the other.

Dilemma.

Huyck (pronounced Hike) characteristically approached the dilemma from a new direction. After years of research, F. C. Huyck & Sons perfected a chemical process that makes the natural wool fiber wear like a synthetic, while retaining wool's soft, cushiony, resilient characteristics. This revolutionary 4-D treatment of Huyck Papermakers' Felts is proving a tremendous boon to the paper industry.

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Standard-Vacuum Oil Company selects
GOODFORM aluminum chairs for solid comfort...enduring beauty

Pictured above is Standard-Vacuum's new employee restaurant, equipped, like so many leading hotels, clubs and industrial cafeterias, with Goodform aluminum chairs. Their eye-catching black anodized frames and coral and blue upholstery help create an atmosphere of friendliness and relaxation.

Here's handsome appearance built around a core of comfort.

Goodform chairs are completely fabricated for extra strength throughout. They require a minimum of maintenance, and their extremely light weight means faster, easier handling.

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GF metal business furniture is a **GOOD** investment



Prospering South of the Border

Vigorous sales in Latin America have helped push Pan-American Life Insurance Co. into the elite of companies with more than \$1-billion in insurance in force.

So far, the Asian flu epidemic hasn't worried the U.S. life insurance industry. But it has brought to mind the tremendously heavy death losses suffered when influenza swept the nation after World War I.

During those dark years, one company fared better than most—New Orleans' Pan-American Life Insurance Co. The reason was that then, as now, much of its business was written in Latin America, where the flu generally took a milder form, suggestive of today's Asian variety.

• Major Leaguer—Pan-American Life is currently celebrating its entry into a big league shared by only about 50 U.S. life companies: Its insurance in force now exceeds \$1-billion. And this week it is adding to its life, endowment, and pension fund business by branching out into the accident and sickness hospitalization and major medical insurance fields in the U.S. It plans shortly to introduce pilot programs in these same fields in Latin America.

Today, about a third of Pan-American Life's business is in Latin America. It is one of the few North American life companies that operate extensively south of the border. Aside from the Latins' own companies, its competitors are Canadian. But with \$320-million in insurance in force in Latin America, it is far ahead of Sun Life (\$100-million), Crown Life (\$85-million), and the other Canadian companies.

• Company History—Pan-American's entry into the \$1-billion category almost coincided with the 82nd birthday of its founder and guiding light, Crawford H. Ellis, who is both president and chairman.

In 1893, Ellis went to work in Nicaragua as bookkeeper for a U.S. fruit importing company; six years later, he was manager of a newly formed New Orleans company—United Fruit. By 1906, he had become a director of United Fruit and vice-president in charge of its southern division.

Ellis noted that the people of Central America were very poorly covered by life insurance. So, several years later, when two New Orleans friends formed a life company, he suggested they look to the south. At the time, other insurance men thought the new company was asking for trouble. Latin Americans were considered poor risks—among other things, because of substandard health

conditions and their frequent revolutions (Ellis himself has been on the spot during a dozen Latin American revolts). But the company has grown rapidly on both sides of the border ever since its first policy was written, in 1912.

In 1943, Pan-American Life began a 10-year program to convert itself from a stock company to a mutual company. Today its assets exceed \$200-million, and it has paid more than \$195-million to policyowners and beneficiaries.

• Techniques—From its prize-winning modern office building on Canal Street in New Orleans, Pan-American Life does business in Latin America through agents who are natives of their countries—and stays out of local politics. During the revolution in Guatemala, for example, the company's agents serviced accounts, but they carefully stayed off the streets and went after no new business.

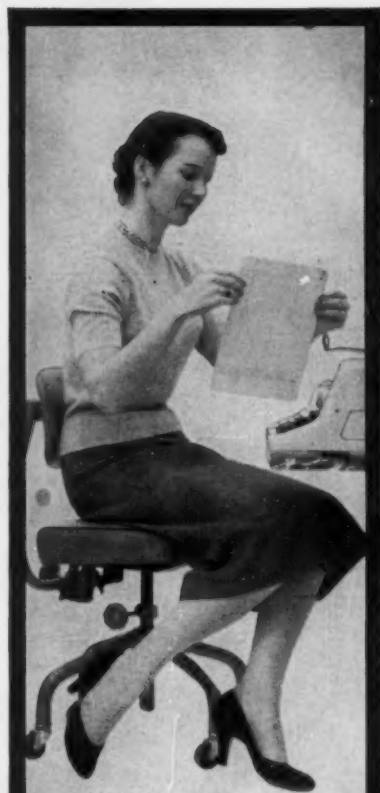
As another matter of policy, Pan-American has invested about 38% of its assets in the Latin American nations where it operates—in mortgages, loans, and government bonds. "In 45 years," says Ellis, "we've never lost 5¢ on our investments. We've never had a mortgage foreclosure or a bond in default."

The company owns no property in Latin America. However, its Mexican affiliate (30% owned) holds a scattering of real estate—and is thankful it owns no more; workmen at its office are still replastering the walls as an aftermath of last July's earthquake.

• Office Setup—In the 26 states of the U.S. where it operates, Pan-American uses agencies, but in most of its Latin American territory, it maintains the branch office system. The native managers, as direct representatives of the company, work for a salary, plus possible commissions and bonuses.

The managers also control the company's local investments, made in local currency "with the blessing, guidance, and help of the home office," as Ellis puts it.

• Types of Business—Most of Pan-American's U.S. business is in ordinary life policies. But in Latin America endowment and retirement programs seem to be much more popular, although ordinary life is catching on more in Colombia and Venezuela of late. The average policy in Latin America is perhaps a third bigger than its U.S. counterpart. The explanation for this is that



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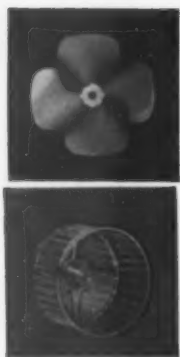


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company's agents are still skimming the high-income cream off the crop.

In all, Pan-American operates in 14 Latin American countries. It is especially strong in Venezuela, where some 40% of its Latin American policies are held. Colombia and Puerto Rico are next in importance, each with about 15% of the company's Latin American business.

The company is also particularly active in Cuba, Panama, El Salvador, Honduras, and Nicaragua. The newest office was opened last November in Ecuador.

So far, the company has skipped Argentina and Brazil, because of their restrictions against foreign insurance concerns. But it is currently considering a new expansion, into Peru and Chile.

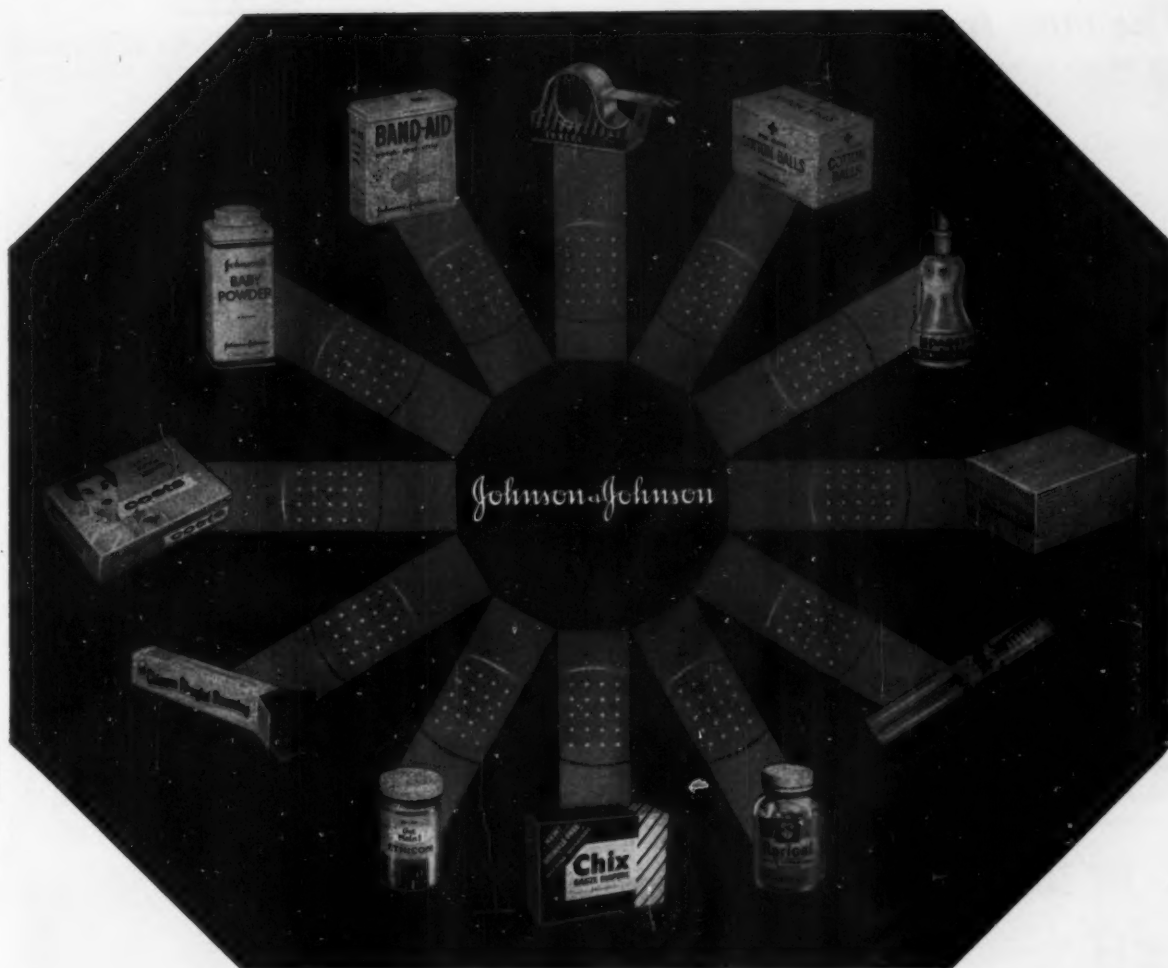
Jersey Standard Plans Giant Stock Offering

Standard Oil Co. (N. J.) last week announced plans to offer its stockholders \$250-million to \$300-million of common stock. It will be the first equity financing for the international oil company in about 30 years. Proceeds are earmarked for expansion.

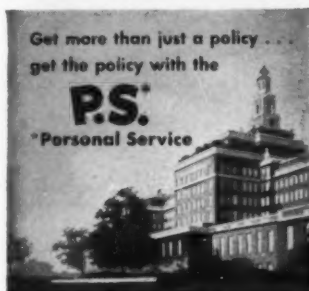
No date was announced for the offering. Morgan Stanley & Co. will be asked to form a nationwide syndicate to underwrite the financing, which is the second largest of its kind in U.S. financial history. Biggest was General Motors Corp.'s \$328-million share offering to stockholders in February, 1955. Morgan Stanley managed that transaction, too, as well as several more recent large equity offerings. These include a \$231-million share issue by International Business Machines Corp., and a \$199-million offering by Socony Mobil Oil Co. Both were completed this year.

Details of Jersey Standard's new offering were withheld pending registration with the SEC. The company indicated this would probably be done within the next 30 days. Since the SEC requires a three-week "cooling off" period following registration, indications are the offering will hit the market in late November.

The stock market considered news of the offering in a bearish light. Streeters said this was because the offering will dilute the company's outstanding stock. When word of the offering hit the market late last Friday, Jersey Standard stock broke from \$58.75 to \$56.87 within minutes, and closed the day at \$56.37, down \$2.50. It was the most actively traded Big Board stock for the day, with 51,600 shares, compared with 29,400 the day before. **END**



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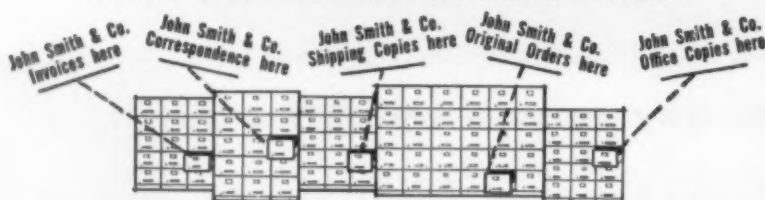
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FINANCE BRIEFS

Palo Alto did not award its \$3-million hospital bond issue to the highest bidder, a rare occurrence in municipal bond financing. After the bidding deadline for bids passed last week, a breathless Bank of America representative arrived with a bid higher than that of the winning house. But its tardiness disqualified it.

The wholesale commodity price index last week slumped to the lowest level since 1953, the Bureau of Labor Statistics reports. The index stood at 87.2, compared with 91.7 a year ago.

Life insurance companies on June 30 numbered 1,242, the Institute of Life Insurance reports. This represents an increase of 103 from a year ago. Since 1950 more than 700 new life companies have been started up, more than 85% of them in the South and West.

Presbyterian church donors can now contribute to a fund which is invested in municipal bonds, then live off the tax-free income. The plan set up last month represents the first allowable instance of the passing on of tax exemption by a institutional fund to its participants. The mutual funds are still seeking legislation to allow them to do the same thing.



Car Hop on Skates

At the Texas Bank & Trust Co., Dallas' fourth largest bank, 19-year-old Wanda Barker last week began work as a skating car hop. Customers stopping at the bank's new five-story drive-in and parking wing will be greeted by Miss Barker, who will provide such services as handing out deposit slips, calling a loan officer if necessary, and passing out balloons to the children while their parents do their banking.



CAMERA MANUFACTURERS CHOOSE ROYALITE

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U. S. Royalite has been tried and proven for years in Revere Camera's top line of projectors. And now, Revere has introduced a moderately priced line strikingly styled with a Royalite case—the Wollensak as pictured here with a Revere executive. Revere's engineers have found—as have many imaginative camera designers—that this tough thermoplastic sheet forms easily to any shape in sharp detail—on low-cost tooling. Beautiful colors and textures are built in permanently. Versatile U. S. Royalite (the industry's standard for A.B.S.* plastics) is now being used in thousands of different applications—from refrigerator truck paneling to automobile interiors. Find out how the functional beauty of U. S. Royalite can benefit *your* product. Write for information.

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Reasons for a New Continental

For two years, Ford kept the Mark II, its prestige car, in a class by itself. Now, it's offering the Mark III through the Lincoln-Mercury Div. in a wider choice of models.

The aim: to help Lincoln in its race with Cadillac and to produce a luxury car at lower cost.

Next month Ford Motor Co. will introduce a disdainful ghost to the high-priced automobile market. Its posh Continental Mark II, written off by much of the press and public as a flop, will reappear as a full line of cars labeled Continental Mark III. It will be under the aegis of the Lincoln & Mercury Div., but will not be the "Lincoln Continental," as the Mark II's obits reported.

• **Wider Choice**—The resurrected Continental Mark III casts a larger shadow than the Mark II. The Mark II had one body style, a two-door hardtop. The Mark III will offer that style, but also a four-door hardtop, a four-door sedan, and a unique folding top convertible (artist's conception above). The wider choice of body styles should widen the market for the car; but so, too, should the new price. The Mark II had a suggested retail price of about \$10,000. The Mark III will be tagged

at about \$7,500. The number of body styles, and the lower price, both stem from the major difference in the marketing concept of the old and new Continental.

• **"Mantle of Prestige"**—The old Continental was created to shed a "mantle of prestige" over the entire Ford line. The Mark III has a more restricted target: to shed its prestige over only one line, the Lincoln, which for the first seven months of this year dropped farther behind Cadillac than last year, and is barely staying ahead of the Imperial.

The key to the switch lies in what James J. Nance, vice-president and general manager of the Lincoln & Mercury Div., said this week in disclosing the Mark III: "The Continental Mark III will be substantially lower in prices than the Mark II. This achievement results from two factors: Quality volume production at the multimillion-

dollar Novi (Mich.) plant, which was designed expressly for the production of fine cars, and, secondly, the fact that the Lincoln for 1958 will incorporate Continental styling and performance, thus enabling the company to spread the costs of luxury car design and manufacturing over an increasing number of units."

• **Alike—But Not Same**—What that means is that the Lincoln and Continental will bear strong resemblance to each other—although there are heavy traces of the Mark II in the design of the new line. But anyone who, on that basis, dismisses the Mark III as "just an expensive Lincoln" gets sharp rebuttal from the Lincoln & Mercury Div. people. For they flatly reject the prevailing opinion that the Continental Mark II was a failure.

I. Hit or a Miss?

Says a man who has been associated with the Continental program from its beginning: "You can say we paid \$3-million to create an image of 'prestige' for the Ford Motor Co. I think it's a cheap price."

• **Original Purpose**—Creating that image of prestige for all Ford-built cars was the original and sole purpose for the Continental Mark II (BW—

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You wouldn't equip your plant with "last year's model" equipment, would you? Then why consider an old-fashioned overhead crane?

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* Riegel's resin-impregnated Battery Separator Paper has two important jobs to do: Keep sludge off the battery plates, yet permit easy flow



of the electrolyte through the cell. Closely controlled porosity makes the difference. Riegel can tailor-make similar resin-impregnated papers to your exact specifications, for jobs from oil filters to cafeteria trays.

* Keeping Burry's deluxe cookies tasting just as good out of the box as out of the oven is a job for Riegel's waxed glassine inner liner. And the eye-appeal of this white liner. Printed



in gold, is enough to set anybody's appetite awlirl. Just one more of hundreds of today's best selling foods protected by Riegel.

* Rust, dust, and factory crust mean ruination for expensive metal parts like bearings, gages, and precision pins. There's no problem, though, if you wrap them with Riegel's Non-Corrosive Glassine, a heat-sealing, polyethylene-coated paper that is strong and pliable. It's only one of 600 different Riegel papers.

Have you a problem that may be solved by a better paper? Just write to Riegel Paper Corporation, P. O. Box 250, New York 16, N. Y.

Now...what can we do for you?

Riegel

TECHNICAL PAPERS FOR INDUSTRY

Oct. 8 '55, p105). It was never intended to make money. The Continental project was recommended to management in June, 1952, in a report by J. R. Davis, then a vice-president. The report outlined a financial plan that calculated a loss of \$1,000 a unit. (When production ended last May, 3,000 Mark IIs had been turned out.)

As far as production and finances are concerned, Ford made out just about as contemplated in the Davis report. The financial planning volume was 1,600 units a year for four years, or 3,200 in two years. As the program did not last four years, the actual loss per car would have to be greater than originally planned, but there are offsetting factors. Continental, for example, had its own plant and headquarters, which have been turned over to the Edsel Div., so that is an accounting transfer.

• **Early Enthusiasm**—The Mark II went into production in the fall of 1955; although the first enthusiasm for the car led to some optimistic projections of a 5,000-a-year-volume, the Davis program of 1,600 a year never was changed. Ford shut off production 200 shy of the two-year target because the Edsel program could use the Continental plant, and, as an official says, the other 200 cars would not contribute to the winning of prestige. "We either had it or we weren't going to get it."

• **Consumer Surveys**—Ford officials are convinced the Continental established a place for itself in the market. They point to three surveys:

• Popular Mechanics magazine polled Continental owners and reported that 75% considered it an "excellent" buy and 83% of these said they would buy again.

• Fortune surveyed its subscribers' automobile preferences and 20% named the Continental as the car they would most like to have among high-priced cars. (Cadillac pulled the most votes, 41.6%; but the previous year, when the Continental was not on the market, Cadillac took 55.5%.)

• A private survey asked a sample of the general public to name "one of the finest cars built." Nearly half named the Continental.

In addition, L&M Div. people say, when the discontinuance of the Mark II was announced most of the letters protesting the move came from people who did not own a Continental, but hoped some day to buy one.

So, Ford Motor Co. counts the Continental Mark II a success. Why, then, was the Continental Div. abolished and the car handed over to Lincoln?

II. Why a Mark III?

Ford established a separate division for the Continental Mark II, in the fall of 1954, because the Davis report

had recommended keeping the super-luxury car separate from the rest of the company's activities.

• **Economic Compulsion**—Consequently, when the Continental production settled down to a few a day, and the company felt that the prestige goal had been attained, there was the economic compulsion to slice overhead and consolidate the Continental operations into the Lincoln Div. and for a while early this year, the 1958 plans were to carry on the Continental only as the name of a series in the Lincoln line. But, when the decision was made last spring to move in, James Nance as general manager of the Lincoln & Mercury Div. (BW—Sep. 7 '57, p28), the Continental as a separate nameplate was reborn.

Nance's entire business outlook is conditioned by a belief that you have to have a full line of products to succeed in a consumer market. Accordingly, his L&M Div. will now have the Mercury in the middle of the medium-price field, the Mercury Park Lane in the upper end of the medium-price field, the Lincoln Capri and Premiere in the high-priced field, and the Continental Mark III in the highest-priced bracket for U.S.-built cars. Only Cadillac's Eldorado Brougham, which sells for \$13,500 (about 325 have been sold), costs more.

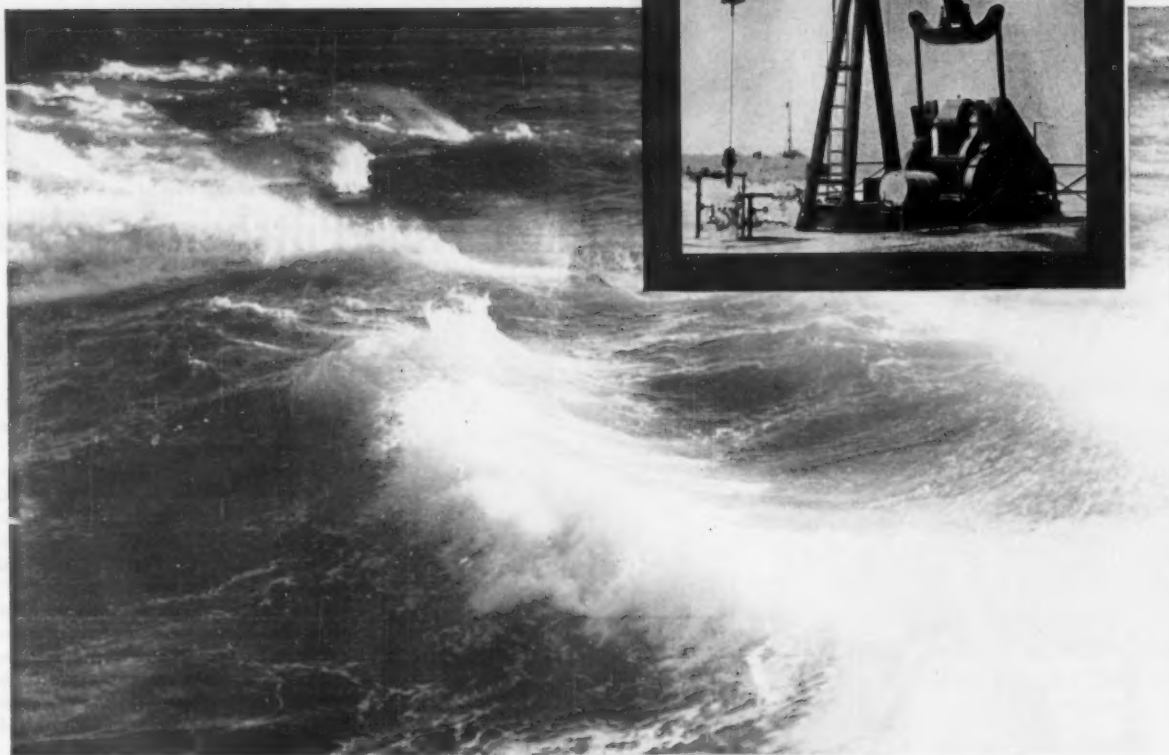
• **Important Symbol**—To Nance, the Continental was a "prestige symbol" that simply could not be abandoned. "There was a limited market for a \$10,000 car," he says, "but there is still a market for people who want the very best. We took advice of Continental owners who urged us to expand the Continental concept—to make Continental a full line with several body styles."

Nance and the people around him insist that the Mark III, despite the fact that it is being built on mass-production principles, will be as fine a car as the Mark II. The car has a unitized body—as has the 1958 Lincoln—and will be built in a new plant designed for high quality.

The front and rear of the Mark III will be different from the Lincoln; so, too, will be the side treatment. The familiar "Continental tire mount" is gone—because it has become too common, say L&M Div. executives. There will be no soft-top convertible in the Lincoln line; the Mark III's convertible top retracts into a recess in the rear seat and then is concealed by a fairing.

• **Plugging a Hole**—The most significant addition to the Continental line is the four-door sedan. For it was lack of such a model, more than any other single factor, that restrained Mark II sales. "The high-price business is characteristically four-door," says an L&M Div. marketing man. The Conti-

OIL WELL
with an
18,000
gallon/day thirst



Pumping water into underground oil-bearing formations to force up more oil, more economically, is a big operation in the petroleum industry—and getting bigger all the time. Such water flooding projects now require millions of gallons of water per day, and most of it must be chemically treated to prevent plugging, corrosion, and scaling in the formation, in wells, and

in connected equipment. Obviously, these are jobs for Nalco—the world's largest water treating service organization... Jobs that Nalco is doing efficiently, and, equally important: economically.

A point to remember is this: whether for water flooding, steam generation, cooling, or process... poor water costs much more than Nalco treatment.

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COMBUSTION CATALYSTS... FUEL OIL STABILIZATION

NEW: *Man-made Giraffe*

Unique Aerial Platform Moves On Cylinders Made From Pittsburgh Tubes



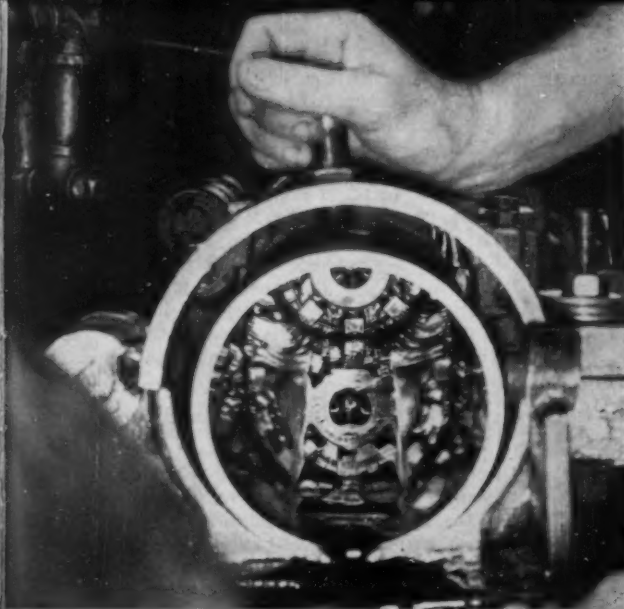
Giraffes are big business at Pitman Manufacturing Company.

Not the giraffes of the animal kingdom but ingenious hydraulic aerial platforms. These mechanical "Giraffes" are used for anything from de-icing a giant Air Force bomber to fighting fires in tall buildings.

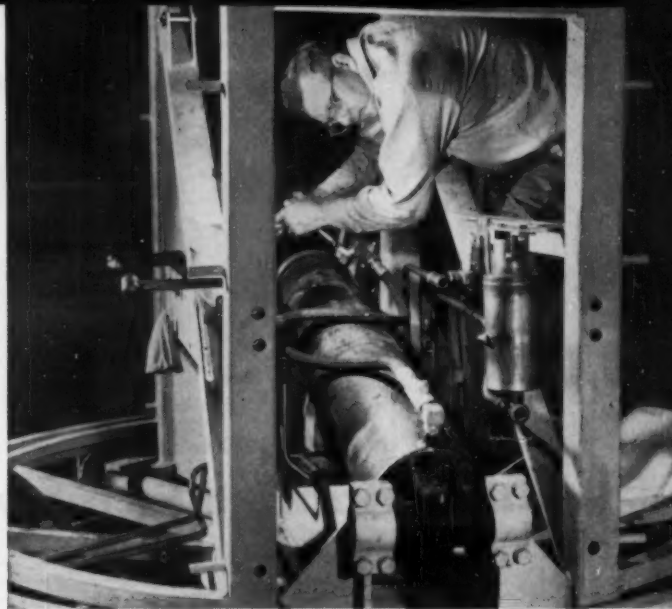
Pitman's truck-mounted Giraffes depend on hydraulic cylinders made exclusively of Pittsburgh Steel Company's seamless mechanical tubes. Giraffes are finding wide acceptance in varied industries because:

- Workmen can reach heights up to 65 feet in a fraction of the time and cost required by other methods. And their tools go up right with them.
- The roomy, insulated platform carries two men who can control all platform movements with controls duplicating those on the ground.
- The aerial platform can rotate a full 360 degrees in either direction in a radius as great as 35 feet.
- The largest of three models permits the 31-foot upper boom to move in a 160-degree vertical arc. The 23-foot lower boom can move in an 80-degree arc, so workmen can reach the exact spot they want.
- Hydraulic outriggers, operated independently, are raised or lowered by moving hand levers at side of truck.

Since hydraulic cylinders are vital to safe, dependable, economic operation of the Giraffe, Pitman makes its own cylinders with great care.



Horizontal honing of Pittsburgh Steel tubes is an exacting process. Inside the tube, you can see part of the hones. At the end of the tube, the hones are mirrored on polished steel.



Finished cylinder is installed on turntable of Pitman Giraffe. This cylinder supports and moves the lower boom. Completed Giraffe will be mounted on truck supplied by customer.

All Giraffe hydraulic cylinders are made from tubing produced by the Tube Mills of Pittsburgh Steel Company and sold by the Kansas City distributor, Metal Goods Corporation.

"We get high production from tubes because Pittsburgh tubes hold to close tolerances," declared Arthur Moore, vice president and general manager of Pitman Manufacturing. He added:

"We give Pittsburgh Steel tubes credit for cutting our scrap losses. But economy isn't all we're thinking of. Since we never forget that men's lives depend on our cylinders we build a safety factor of at least three into every cylinder. We've never had a burst cylinder or a cylinder wall failure with Pittsburgh tubes.

"Finally, Pittsburgh Steel gives us the kind of service we like."

Mr. Moore said engineers from Pittsburgh Steel helped analyze the company's tube problems, suggested some design changes and took Pitman's prints back to the mill to make tubing which exactly fills the bill.

"The service which Pittsburgh Steel instituted ended our tubing problems," said Mr. Moore. "Our cylinders have been very satisfactory ever since."

Whether you make hydraulic cylinders or use seamless mechanical tubing in another application needing uniformity, close tolerances and engineering help, you can profit by Pitman's experience.

Start today by getting in touch with trained help available through any Pittsburgh Steel Company District Office or from one of the Pittsburgh Steel distributors listed at right.



Fire-fighting is just one of many uses for the Pitman Giraffe. These fire-fighters can move their platform to any given spot quickly and easily without losing time when time counts most.

Pittsburgh Seamless Distributors

Baker Steel & Tube Company
Los Angeles, California
Chicago Tube & Iron Company
Chicago, Illinois
Cleveland Tool & Supply Co.
Cleveland, Ohio
Drummond McCall & Co., Ltd.
Montreal, Quebec, Canada
Edgcomb Steel Company
Philadelphia, Pennsylvania
Gilmore Steel & Supply Co.
San Francisco, California

Earle M. Jorgensen Co.
Perry Kilsby, Inc.
Los Angeles, California
Mapes & Sprowl Steel Co.
Union, New Jersey
Metal Goods Corporation
St. Louis, Missouri
Miller Steel Company, Inc.
Hillside, New Jersey
A. B. Murray Co., Inc.
Elizabeth, New Jersey

C. A. Russell, Inc.
Houston, Texas
Ryerson, Joseph T. & Son, Inc.
Chicago, Illinois
Solar Steel Corporation
Cleveland, Ohio
Steel Sales Corporation
Chicago, Illinois
Tubular Sales
Detroit, Michigan
Ward Steel Service Company
Dayton, Ohio

Pittsburgh Steel Company

Grant Building

Pittsburgh 30, Pa.



District Sales Offices

Atlanta
Chicago

Cleveland
Dallas

Dayton
Detroit
Houston

Los Angeles
New York
Philadelphia

Pittsburgh
Tulsa
Warren, Ohio



Which hand is fit for work?

When an executive compares work gloves he sees why employees can't do their best in old fashioned gloves that fit—and feel—like a bag. It is why Edmont revolutionized work glove design with a pattern that fits the exact shape and joints of the hand.

Look at the two gloves in the photo. Note how palm of left glove wrinkles when the fingers are slightly bent. Then look at the Edmont glove on the right hand. There are no wrinkles, although the fingers are bent the same. The difference is in the Edmont pattern.

Test Offer to Employers: We make more than 50 types of coated gloves. Tell us your operation. Without cost we will recommend gloves which fit the hand and the job, and send you samples for comparison testing in your own plant.

Edmont Manufacturing Company,
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Edmont
JOB-FITTED GLOVES



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anywhere in the world...**



chances are...

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Wherever gases, liquids or steam are to be controlled, engineers specify Fisher controls. More than three quarters of a century of research has developed pressure and liquid level controls capable of meeting today's critical demands.

Fisher controls and engineering services are available through a world-wide organization of experienced representatives. One of these men is available to discuss with you any control problem related to gas, oil, power, chemical, paper or other processing industry.

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MOTOR VALVES and LIQUID LEVEL CONTROLS



mental people found this out too late.

The original Lincoln Continental, designed by Edsel Ford and produced in limited quantities before the war and until 1948 (5,322 cars were turned out), was a two-door model. Because the Continental Mark II was to trade on the original car's reputation, the Davis report did not recommend a four-door version. And the financial setup for the Mark II made it impossible to produce both two-door and four-door models, even though a four-door version was discussed in mid-1954.

III. The Market

The result was shown not too long ago when Ford people conducted a series of personal interviews with wealthy Chicagoans. Those interviewed had a net worth of \$250,000 and above, and were asked why they did not buy a Continental. Almost to a man, they answered: no four-door.

A Lincoln & Mercury Div. official says: "On Monday morning I can tell you the score of Saturday's ball games and never make a mistake."

So, this time around, the Continental will have a four-door in the line. That should add sales. So, too, should the presence of a convertible. The convertible formerly accounted for about 8% to 10% of Lincoln sales. No one will give a sales target or potential for the Mark III, but one sales executive cautiously indicates it might be as much as 25% of total Lincoln and Continental sales.

• **New Marketing Pattern**—L&M Div. people say they are trying to find a new market for the Mark III, and not rely on the Mark II market pattern. Obviously, the price will be a factor in this regard—a Ford study made for the Mark II indicated that there were about 250,000 persons in the U.S. who could afford to buy a \$10,000 car. The dealer arrangements for the Mark III are changed. The Continental Div. wrote its own franchises and initially had the car in about 600 dealerships. That number later was reduced.

All 1,300 Lincoln dealers will have the right to sell the Continental Mark III, but at introduction time only about 500 will have a car to display. The Lincoln sales force, which handles the Mark III, wants to be sure that no dealer gets a car unless he has a ready market; it does not want cars pushed off on used car dealers as distress merchandise.

The Mark III will be advertised as "Continental . . . by Lincoln"; and the Lincoln advertised as "Lincoln . . . in the Continental tradition." In that way Ford hopes to carry on the Continental as a separate product, but cast its prestige directly into Lincoln in its battle with Cadillac. **END**

In Washington

• • •

Army to Retain Jurisdiction Over St. Lawrence Seaway

The White House acted this week to head off a political battle royal over control of the St. Lawrence Seaway.

Presidential Asst. Sherman Adams has informed Sen. Charles E. Potter (R-Mich.) that the Administration has decided, for the time being at least, to leave jurisdiction over the St. Lawrence Seaway Development Corp. with the Army Dept. rather than transferring it to the Commerce Dept.

Sen. Potter has been the leader in protesting against the proposed shift in jurisdiction. He claims such a move would expose the seaway to indirect domination by railroad interests that tried to block seaway construction in the first place and want to boost tolls on the waterway "out of this world."

Another conflict, still to be decided, is whether the seaway, once it is completed, will be operated and maintained by the Army Corps of Engineers or the Seaway Development Corp. Army Secy. Wilber Brucker—who is both the civilian boss of the corps and supervisor of the development corporation—will make that decision later.

• • •

Internal Revenue Service Eying Status of NAACP's Defense Fund

The Internal Revenue Service is investigating the tax-exempt status of the National Assn. for the Advancement of Colored People's legal defense and educational fund.

The fund, chartered in 1940 as a corporation separate from the parent NAACP, holds tax-exempt status as a charitable and educational organization. As the "action" arm of the NAACP, it has spearheaded the legal campaign to break down segregation barriers everywhere.

Complaints from some Southern Congressmen reportedly sparked the inquiry. As is customary in such cases, IRS won't furnish details on the complaints or their allegations. However, there's little likelihood that the fund will lose the tax-exemption privilege, which allows its financial backers to deduct their contributions from taxable income.

• • •

Mississippi Shipping Wins a Subsidy To Help in Replacing Delta Line Fleet

The Maritime Administration this week agreed to underwrite 40% of the cost of a new cargo vessel fleet for Mississippi Shipping Co., Inc., during the next 20 years.

Mississippi Shipping plans to replace its entire fleet—11 freighters and three cargo-passenger vessels—at an estimated cost of \$160-million. That would put the Federal subsidy at \$64-million. Shipbuilding subsidies are based on higher construction costs in U.S. shipyards, the higher operating costs of U.S.-flag vessels, and defense needs.

Mississippi Shipping, based in New Orleans, operates the Delta Line, serving the U.S. Gulf Coast, South America, and West Africa.

• • •

Hughes Offers to Yield Voting Rights In Atlas to End Probe by CAB

Howard Hughes, who has ownership control of Trans World Airlines, Inc., this week made a bid to end the Civil Aeronautics Board inquiry into his stock holdings. Through an attorney, Hughes offered to surrender the voting rights to his \$9-million stock interest in Atlas Corp. Atlas owns most of the stock in Northeast Airlines.

The CAB inquiry was set off when two other airlines—National Airlines and Eastern Air Lines—challenged a 1956 award of a New York-Miami route to Northeast, on the grounds of Hughes' control of TWA.

Hughes acquired his interest in Atlas Corp. last year at the time of the merger of Atlas and RKO Pictures Corp. The issue in the pending CAB hearing is whether this \$9-million stock interest in Atlas gives Hughes potential control of Northeast Airlines.

Hughes says that his latest offer—to turn the Atlas voting rights over to a neutral bank to be selected by CAB—eliminates the need for any further inquiry. Observers are predicting that the hearing examiner and then the board itself will accept Hughes' offer, perhaps within 60 days.

• • •

Government Snaps "No" to Three Bids For Higher Oil Import Allowables

The government with unexpected speed this week refused to boost the daily import allowables of crude oil that it had assigned to three major companies. Navy Capt. M. V. Carson, in charge of the voluntary program, called these appeals unwarranted:

Tidewater Oil Co. wanted its quota raised to 62,000 bbl. a day from 34,200 bbl.

Standard Oil Co. (Indiana) wanted 53,500 bbl. instead of 29,800 bbl.

Standard Oil Co. (Ohio) asked for 21,700 bbl. instead of 8,200 bbl.

The reaction of the three companies to the rejection can make or break the voluntary program. Government officials have already warned that violation of voluntary restraints will surely lead to mandatory controls. And Carson bolstered this stern attitude this week with a warning against violations of the spirit of the program—which applied only to crude—by increasing imports of refined products and residual oil.



*Which wheel is
most important?*

Some folks might say the big wheel is the most important. It's the wheel that powers and steers.

But what good would it be without the right rear wheel?

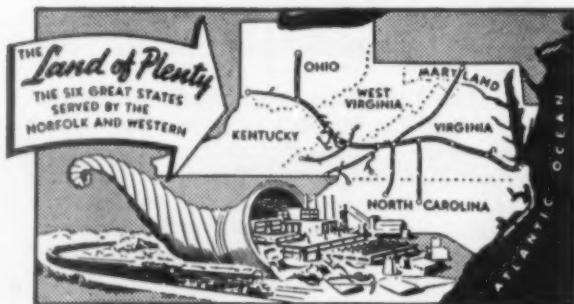
Well, then, perhaps the right rear wheel is most important. But of course not! How could you get along without the left rear wheel?

Plant operating requirements, as controllable by location, are pretty much the same. Whatever you need, *you need it all*. Sometimes manufacturers sacrifice one plant location advantage in order to gain others — but that's not the complete answer.

If you're looking for the ideal spot for that new plant, large or small, don't compromise a single one of your requirements until you know what The Land of Plenty offers you. With almost sixty years of experience in helping manufacturers find efficient plant sites for many types and sizes of industry, the Norfolk and Western's plant location specialists can give you important data about this great and growing industrial region . . . promptly, reliably, quietly, and without obligation. Just tell them specifically what you need — let them do the rest.

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Norfolk and Western Railway
Roanoke, Virginia



Norfolk and Western
RAILWAY



Paper—Modern Industry Burden

Companies these days can't get along without lots of paperwork—more than they ever had before. They use a variety of ways to control the bulk and quality of it.

Businessmen are battling their paperwork today with a ferocity akin to Don Quixote's tilting at windmills. Unfortunately, the result is likely to be pretty much the same, too—frustration.

Symptomatic of industry's frantic efforts to bring its bulging files under control are the two methods shown in the cartoons. In real life, two companies faced with a similar storage problem for their paper found equally similar solutions—one poured it down an abandoned mine shaft; the other shoveled it into an empty horse stall.

Such ingenious methods are becoming more commonplace as industry tries to stave off the floods of paper threat-

ening to engulf it. The need for better records control becomes more acute every day:

- Government, bigger and more complex, is demanding that business keep more and more records. Often, no time limit is set on how long these records must be saved; companies wind up keeping them forever.

- Industry itself is following the route to bigness and complexity. As companies diversify, expand, and merge, new records pile on top of old ones. Communications problems multiply. So more paper is created—and more retained.

- The cost of office space is

mounting; it's \$5.50 or more per square foot in desirable locations. And, as today's cost squeeze gets tighter, any waste of expensive office space is foolhardy (BW—Sep. 7 '57, p77).

In addition to these factors there's a more personal element: People just don't like to throw records away. There's also the presumption that the more file cabinets an executive commands, the higher his standing in the office hierarchy.

- **Case for Experts**—With all these pressures toward hoarding red tape, it's no wonder that management is beginning to take a more searching look at records control. In many cases, management decides the jam can best be broken by advice from a new breed of consultant—the expert on paperwork.

Industry's history of unassisted dealing with red tape and gobbledygook has not been bright. Not many com-

J&L RESTRICTED SPECIFICATION COLD ROLLED STRIP STEEL

for Spring Steel Requirements such as these...

FORMED PARTS FOR HEAT TREATMENT

SIZE	8 x .036
ANALYSIS	1050
FINISH	Bright
HARDNESS	Rockwell B-78 Max.
THICKNESS	± .0003 incl. crown
TOLERANCE	± .005
WIDTH	± .005
MICROSTRUCTURE	Uniform spheroids
COIL SIZE	18" I.D. coils large as possible
PACKAGING	On skids — shrouded

FLAT PARTS FOR HIGH STRENGTH WITHOUT HEAT TREATMENT

SIZE	10 x .020
ANALYSIS	1075
FINISH	Bright
HARDNESS	Rockwell C-30 Min.
THICKNESS	± .001 incl. crown
TOLERANCE	± .005
WIDTH	± .005
MICROSTRUCTURE	Small fine carbides
COIL SIZE	16" — I.D. Max. coil wt. 1000±
PACKAGING	On skids — shrouded

SIZE	14 x .040
ANALYSIS	1095
FINISH	Bright
HARDNESS	95 to 105 Rockwell B suitable for blanking
THICKNESS	± .0005 incl. crown
TOLERANCE	± .005
WIDTH	± .005
MICROSTRUCTURE	Uniform medium size spheroids
COIL SIZE	16" — I.D. Max. coil wt. 600±
PACKAGING	On skids — shrouded

Knowing exactly what you require for most efficient fabrication and most effective product performance, J&L can set up and consistently meet restricted specifications to match your most exacting demands. Often production operations can be greatly simplified or even eliminated; in most instances end-product and/or assembly costs can be reduced and quite frequently, product quality improved.

We would welcome an opportunity to explore with you the possibilities of J&L Restricted Specifications applied to your strip steel requirements.

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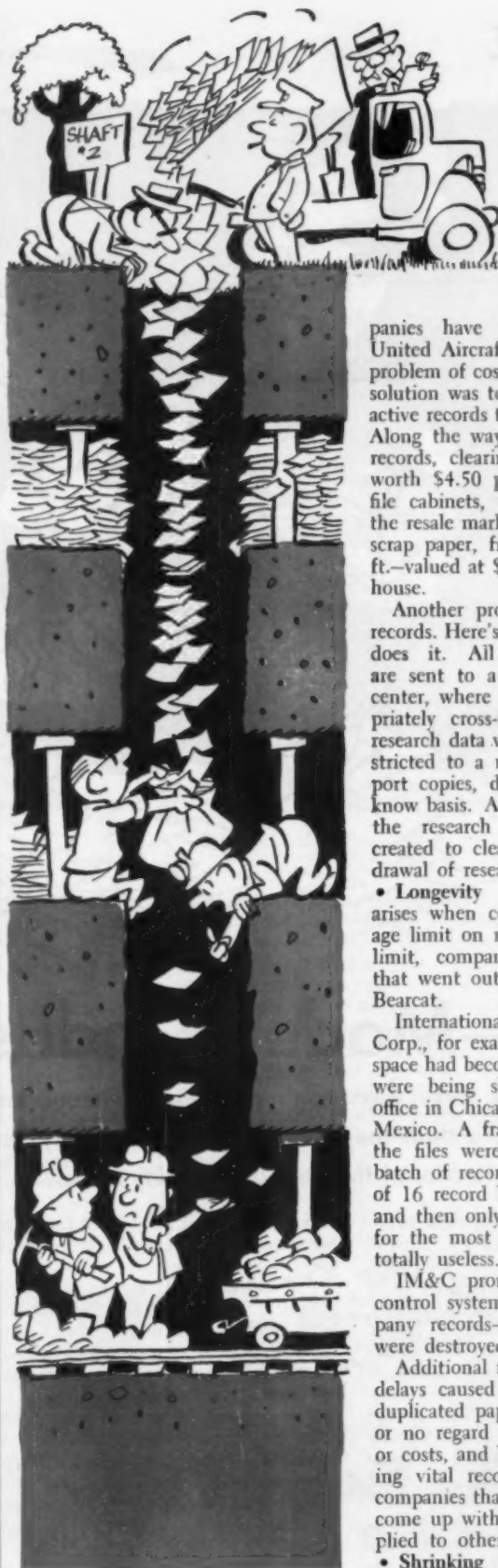
Now there are four J&L plants with facilities for production of "Restricted Specification" cold rolled strip. Strategic locations at Youngstown, Indianapolis, Los Angeles and Kenilworth, N. J., provide the security of 4 sources of supply plus the close working relationship which these local production centers make possible.

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GENERAL OFFICES: YOUNGSTOWN 1, OHIO
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Sales Office: New York • Rochester • Newington, Conn. • Youngstown • Cleveland • Detroit
Indianapolis • Chicago • Los Angeles • San Francisco

FORMERLY COLD METAL PRODUCTS COMPANY



panies have been as successful as United Aircraft Corp., in meeting the problem of costly filing space. United's solution was to ship the bulk of its inactive records to a low-cost storage area. Along the way, it moved 165 tons of records, clearing 5,000 sq. ft. that is worth \$4.50 per sq. ft.; emptied 640 file cabinets, worth about \$5,100 on the resale market, and sold 175 tons of scrap paper, freeing another 6,000 sq. ft.—valued at \$2 per sq. ft.—in its warehouse.

Another problem is organization of records. Here's how Cutter Laboratories does it. All inactive research data are sent to a newly designed records center, where technical files are appropriately cross-indexed. Publication of research data within the company is restricted to a minimum number of report copies, distributed on a need-to-know basis. And a central authority in the research department has been created to clear and control the withdrawal of research material.

• **Longevity Problem**—Another snag arises when companies fail to put an age limit on records. Without such a limit, companies may hoard records that went out of style with the Stutz Bearcat.

International Minerals & Chemicals Corp., for example, found that storage space had become so scarce that records were being shipped from the home office in Chicago to field offices in New Mexico. A frantic study revealed why the files were bulging: In one huge batch of records, an average of only 1 of 16 record boxes was being opened, and then only once in every 24 years; for the most part, these records were totally useless.

IM&C promptly installed a records control system; 45% of existing company records—all of them outdated—were destroyed.

Additional records problems include: delays caused by time-consuming and duplicated paperwork procedures, little or no regard for office machine needs or costs, and lack of policy on protecting vital records. Unfortunately, few companies that do solve these problems come up with answers that can be applied to other businesses.

• **Shrinking the Files**—However, the



Now every office can have one!

Today, even a one-girl office can have a postage meter and enjoy all the advantages of metered mail. Actually, one third of the users of the DM, desk model meter, average less than \$1 a day for postage!

You're no longer stuck with stamps, stamp sticking, and running out of the right stamp. You print postage as you need it, for any kind of mail.

Even a child can operate a DM. Insert the envelope, dial the amount of postage wanted, press lever—and your letter is meter stamped. There's a moistener for sealing envelopes. Makes mailing easy, saves postage.

The meter is set by the post office for as much postage as you want to buy at one time. Postage is protected from loss, damage and misuse; and accounted for on visible registers.

Metered mail, already dated and postmarked, takes less handling time in the postoffice and can often catch earlier trains and planes.

Extra feature: With every meter stamp, you can print your own small ad on the envelope, if you want one. Free advertising!

There's a postage meter model, hand or electric, for every office, small or big. Ask the nearest Pitney-Bowes office to show you. Or send coupon for free illustrated booklet.

FREE: Handy desk or wall chart of Postal Rates, with parcel post map and zone finder.

PITNEY-BOWES
Postage Meter

Made by the leading maker of mailing machines. Offices in 107 cities. In Canada: Pitney-Bowes of Canada, Ltd., Dept. 341, 1156 Bay Street, Toronto.

Prints our own ad with every meter stamp.



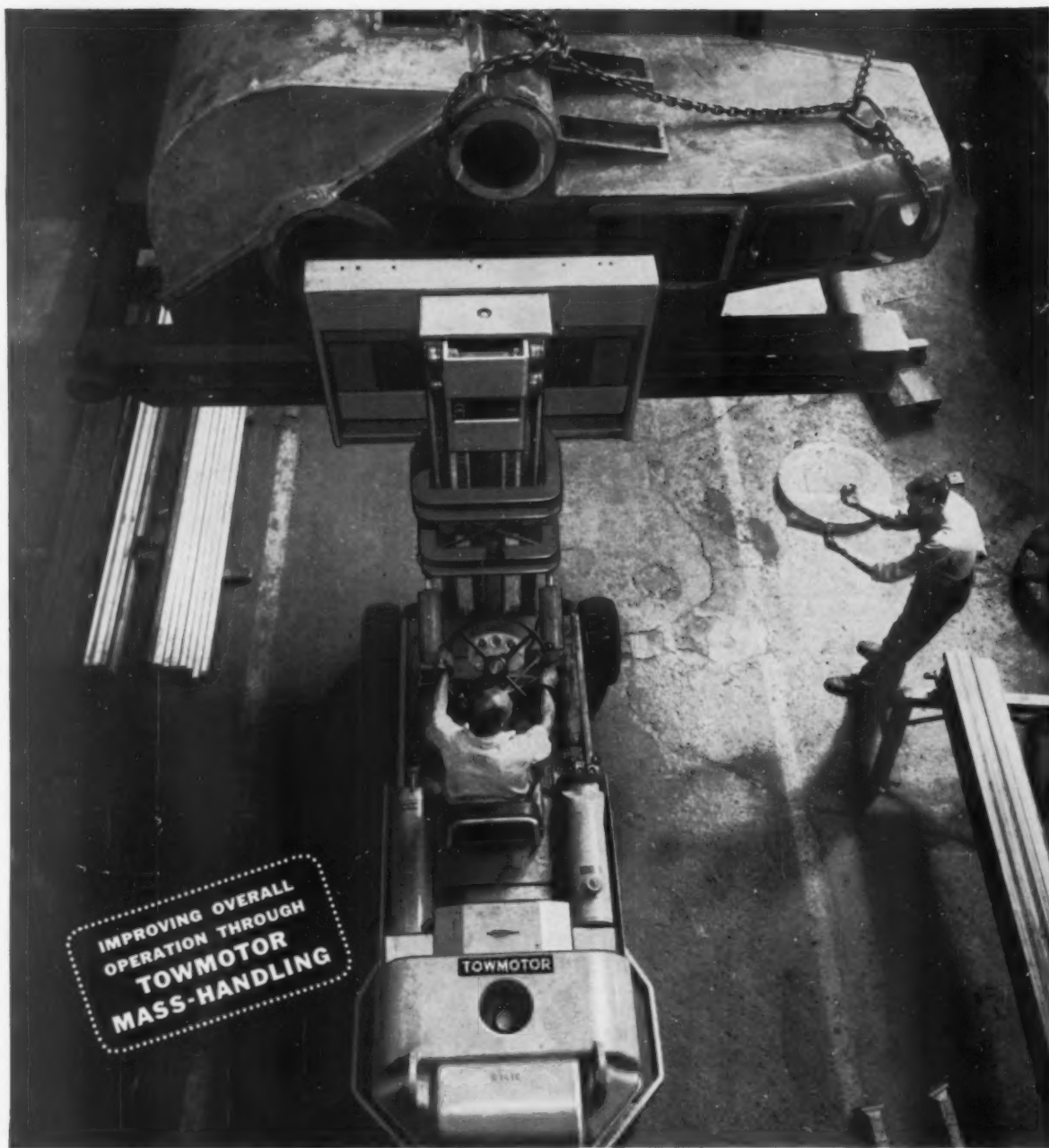
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- ☐ Send free Postal Rate Chart
☐ Send booklet on DM Postage Meter

Name

Address





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Management men in every industry are giving productivity and profits—as well as *personnel*—a lift by integrating Towmotor mass-handling in all operations from receiving to delivery.

Every department benefits. More work gets done. And you don't need more men to do it because Towmotor fork lift truck operators are finding it's *fun* to multiply the handling of materials aided by 12 new Towmotor improvements like these:

- New functional body styling
- New pace-setting comfort features

- New "tight-spot" maneuverability
- New centralized easy-reach controls
- New positive-response hydraulic lift
- Towmotor-improved power steering

Some of the industry's most significant advances in fork lift truck design and performance are shown in Towmotor's latest bulletin #SP-23. See how

they help supplement your personnel—permit your men to do a bigger day's work easier—give each operator the power to improve your plant's productivity and profits.

Write Towmotor Corporation, Cleveland 10, Ohio. We'll send the illustrated booklet immediately.

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in building Fork Lift Trucks
and Tractors

TOWMOTOR - GERLINGER
THE ONE-MAN-GANG

Gerlinger Carrier Company, Dallas, Oregon is a subsidiary of Towmotor Corporation, Cleveland, Ohio

New York Stock Exchange appears to have one answer that may benefit many concerns.

NYSE has introduced form letters or printed material for the thousands of letters it receives weekly. And, instead of putting a copy of every form letter in the file of addresses, NYSE simply files a single copy of the form letter with its master mailing list.

I. The Way to Do It

Records control experts say there's only one relatively easy way to deal with paperwork:

- Practice "birth control" for office paper. Keep excess records from coming into being, by cutting out needless forms, reports, and duplicates.

- Don't clutter up expensive office space with "inactive" records. Move them to low-cost storage. Keep only "active" records close at hand, but file them so they can be reached at a moment's notice.

- Remember that paper is used to transmit information. Keep it moving smoothly through the organization.

- Most important, maintain daily supervision. The one-shot, meat-ax approach to house cleaning, is spectacular (General Electric Co. in one such clean-up found more than 900 unauthorized forms in use). But it doesn't work. Three months later the ax has to be honed again. Daily attention to records is needed. It helps a lot, says one professional consultant, to have an executive with some power in charge of records control.

- **Step by Step**—Using these yardsticks, most records men concur that each company must follow its own trial-and-error procedures to handle red tape. Roughly, though, this is the sort of plan mapped out by the companies most effective in this field:

Take a physical inventory of every file cabinet and storage box to find just what records the company has, where they are located, how often they are consulted, and what value they have. Once such an inventory is made, most companies find that about one-third of the total volume of paper stored can be discarded at once.

After that, a Record Retention Schedule is drawn up. This schedule—an index card for each record—becomes the life-and-death guide of every piece of paper in the company's line of communications. It will specify how long a document can remain in the office flow, when it is to be removed to a separate low-cost records center, and when it should be destroyed.

- **Age Limits**—This is a rough sketch of how many companies set up their Record Retention Schedule:

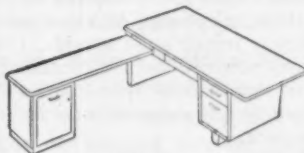
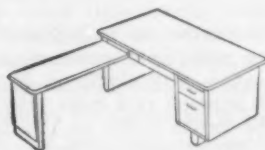
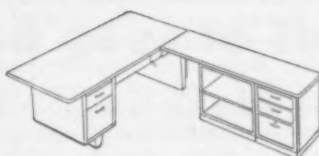
- Routine correspondence is kept in the department where it originates



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for only three months, is then discarded.

- Correspondence that requires reference is kept one year by the originating department, then an additional two years in company storage; important correspondence is kept for slightly longer periods in each case.

- Vital correspondence is held for two years by the originating department, permanently by the company's central storage.

Some basic records—tax, codes, titles and mortgages, general ledgers, security data—are labeled permanent. But others get only a seven-year age limit. These include accounts receivable ledgers, maps and plans of engineering work abandoned, deposit books and stubs, and general contracts and agreements.

II. Separate Archive

The heart of this plan is the separate records center—for many managements, a new venture in filing. These records centers provide a manifold service: They safeguard vital records, reduce overhead costs by providing more production space, cut records-keeping cost, and offer speedy access to all files.

Many large companies erect separate buildings for records. Du Pont, for example, has a new \$300,000 Hall of Records in Wilmington, Del., complete with inter-com telephones in every corridor for clerks to read back requested information. Smaller companies, though, usually set aside specially protected space in the plant itself to house records.

- **By the Carton**—Richfield Oil Corp., for example, set up this form of in-plant records center. Here's how it works: Records are itemized, packed in standard cardboard cartons. Each carton is numbered; those needed most often are placed in easy-to-reach spots. This requires less work than if documents were filed by industry division or company department. Bulky documents sometimes are microfilmed.

When someone requests a specific document, a clerk checks its location through a master card index. He then finds the correct carton on the shelves and is able to read the necessary information back to the inquirer through a portable telephone. Average time for locating a record is 90 seconds. If the inquirer needs to see the document, it can be delivered by special messenger. Photocopies of originals are furnished on request.

- **Mechanization**—Right now, industry is working with two different sets of remedies to solve records-handling ills: (1) computers and microfilm as technical means, and (2) centralized and dispersed records centers as physical outlets. Each has its virtues and draw-

backs, however, and it's unlikely that a company can cure its specific problems without adapting the best parts of each to its own records control system.

Computers, for example, if introduced at too fast a clip can actually accelerate the creation of records. First, more paper is created through daily processing of reports; computers call for day-by-day reckoning. Besides, the original reports that feed computers have to be saved awhile as a reference check. But these electronic whizzes can go a long way toward untangling paperwork when used correctly; if nothing else, they can speed its movement.

In addition, chances for sizable savings are often pointed out by the feasibility studies that are made before a computer is installed. Often, too, the need for computers is eliminated by these same studies.

- **Filming Records**—Microfilm also has its drawbacks, although it is generally recognized as a must for controlling massive records systems. Often the cost of putting everything on film isn't justified by the value of the records themselves. And unless files are well sorted out before microfilming takes place, it can add to costs in the long run.

In fact, some companies end up having a three-way system. They file the original reports, the microfilmed reports, and also put microfilmed reports on punch cards—for ready pulling.

This doesn't mean microfilm hasn't a place in records-handling. It can speed the processing of information and eliminate many manual-copying operations. And it's a space-saver when used in conjunction with a workable records control plan.

- **Centralize or Not?**—Centralized and dispersed record centers also have their pros and cons.

Says one professional consultant about dispersal: "If duplicates of a record are in several different locations, the information on that record is as safe as if it were buried at Fort Knox. You've got to have built-in protection through dispersal before anything else."

Of course, muses one company records man, dispersal by duplication only leads to more paperwork. So by itself, at least, dispersal doesn't seem to be a panacea for anything but protection.

Not all companies are willing to go even that far. Westinghouse Electric Corp., for example, is all-out for centralization. The company is spending \$44,000 a year to store its records 205 ft. below the surface in an abandoned Pennsylvania mine. Executives say that having a well-protected centralized records center, close to company headquarters, provides more chance of management continuity in the event of atomic attack. (Besides, surface storage used to cost \$64,000 a year.) **END**



Drilling mud, containing sand and rock particles, looks like this as it flows from a well hole. It is "freshened up" for re-use in a cleaning machine equipped with a wear-resisting Monel alloy screen. Photo courtesy Standard Oil Company, (New Jersey).

It's murder on most metals when mud goes to the cleaners

The idea of putting mud through a cleaning process may seem fantastic. But that's exactly what they do in the oilfields.

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
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Shuffle in Diamond Alkali Brass Ends in Resignation by President

Management realignment at Diamond Alkali Co. in the last two years has included the departure of at least three top officials. The process culminated last week in the sudden resignation of its president, John A. Sargent. Raymond F. Evans, chairman, will resume the presidency he had passed to his protegee, Sargent, in 1954.

Almost all the recent resignations have been of men brought into the company since the war, largely in connection with its diversification program in agricultural and pesticide fields—an area of the company's business that has not been doing too well.

The company has refused to comment on Sargent's resignation. However, outsiders expect it to introduce either a complete new management group or return to the men long associated with the company's earlier concentration on heavy bulk chemicals.

• • •

Trio of Chemical Giants Hatches Fledgling to Explore Exotic Fuels

With volume production, exotic high-energy fuels may become a practical power source permitting faster, longer-range jet planes and guided missiles. The fuels are now prohibitively priced at hundreds of dollars a gallon.

Last week, three big chemical companies announced the formation of a new joint concern, AFN, Inc., to enter this tempting field. The three founders are American Potash Chemical Corp., Food Machinery & Chemical Corp., and National Distillers & Chemical Corp. AFN has begun work at an American Potash plant in Henderson, Nev., on an Air Force contract for development and semi-pilot plant work on boron-based fuels.

At the same time, Hooker Electrochemical Co., Niagara Falls, N. Y., and Foote Mineral Co., Inc., Philadelphia, reported discussions on a joint venture in the same field.

• • •

Integration of Minorities in Industry Promotes Efficiency, Team Spirit

Minority groups, especially Negroes, are being hired with increasing success in industry, personnel men heard at an American Management Assn. conference.

Negro workers at Pitney-Bowes, Inc., have "more than paid their way in terms of efficiency and team spirit, both in skilled and unskilled jobs," reported Joseph J. Morrow, the company's director of personnel relations. The company has also noted a gain for itself in community respect, he said. Inland Steel Co., with

31% of the employees at its principal plant now Negroes or Latin Americans, reported that these minority groups "have provided essentially the same percentage of good employees as any other groups."

Jackie Robinson, ex-Brooklyn Dodger baseball star, now vice-president in charge of personnel for Chock Full O' Nuts Corp., predicted that business will feel increasing pressure to hire minority groups "at all times and not merely during this period of manpower shortage—and not only for menial jobs."

• • •

Sonnabend Set to Apply Cash Remedy To Sickly Consolidated Store Chain

Final approval of a plan for ailing Consolidated Retail Stores, Inc., to stay in business under new management and ownership was expected by a U.S. District Court. The company's creditors, stockholders, and management have already approved the plan, which will give A. M. Sonnabend—chairman and president of Botany Mills, Inc., and president of Hotel Corp. of America—control of the company in return for settling creditors' claims and advancing working capital.

Consolidated has been operating its more than 30 women's and children's apparel stores as a "debtor in possession" since September, 1956, when banks called \$3.2-million of loans. The company lost about \$1.8-million on sales of \$21-million in fiscal 1957 (ending Jan. 31).

Sonnabend will become chairman and treasurer of Consolidated and advance the company up to \$400,000 in working capital and another \$2-million to pay off creditors. The company will repay Sonnabend over a 10-year period without interest and give him the right to buy at least 45% of the company's new common stock at \$1 par or the market price, whichever is higher.

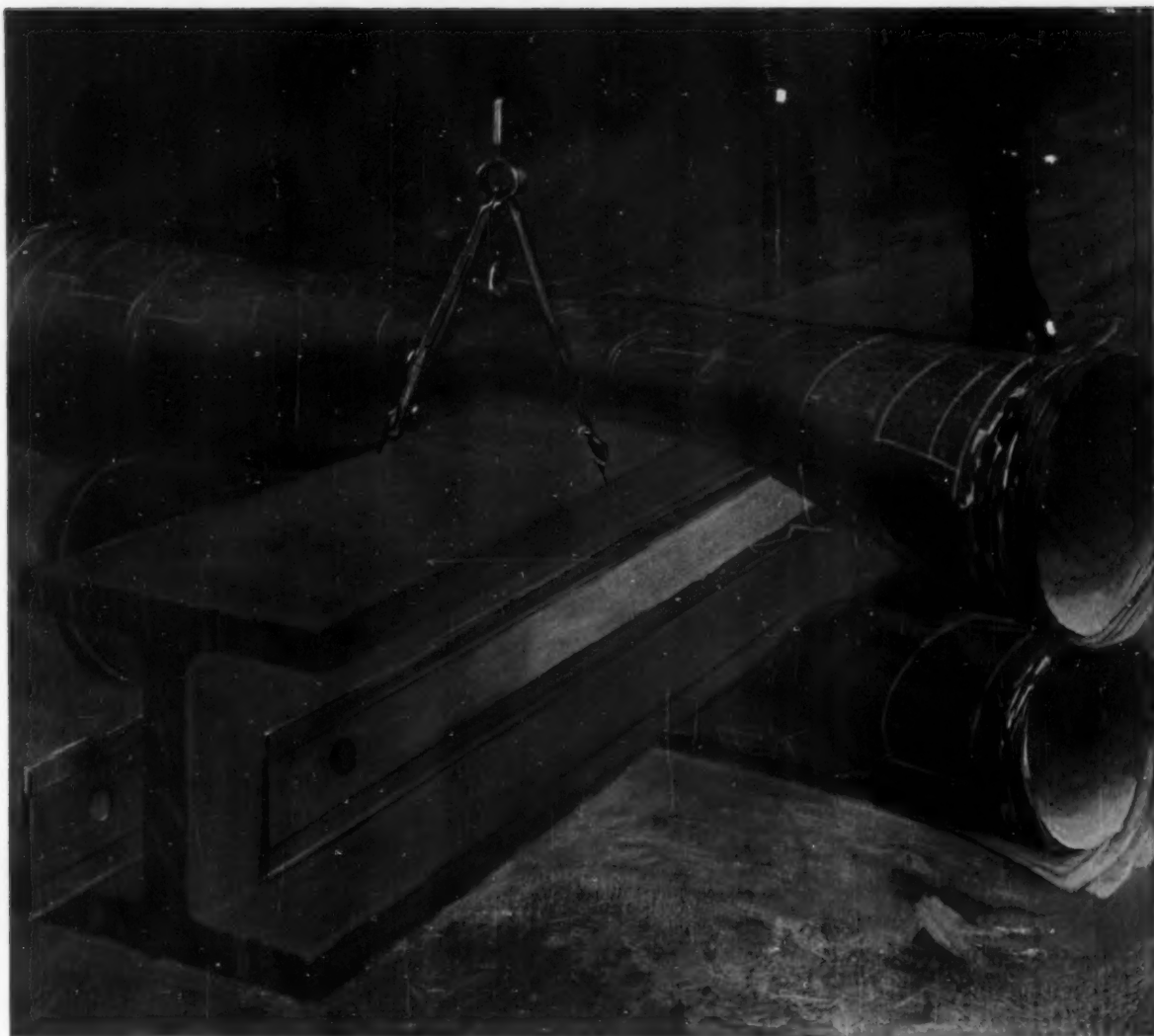
• • •

Columbia Revamping B-School Courses To Include Dosage of the Liberal Arts

Business school students may be taught Plato and Aristotle under a drastic overhauling of Columbia University's Graduate School of Business. Under a \$150,000 grant from the Ford Foundation, 20 faculty members are preparing a completely revised course of study shifting the emphasis from a technical to a liberal arts approach to business studies.

The broader new curriculum is expected to switch from the study of business per se to the study of business in society. To meet the new requirements, nearly one-fourth of the school's courses are to be rebuilt "absolutely from scratch." All others, down to accounting and statistics, will be redesigned. At the same time, there will be a new stress on "studies in depth," with the requirement, for the first time, that all students specialize.

The new approach will emphasize the evolution of business and its responsibilities to society. It is likely to include the study of philosophy—especially of Greek and 18th Century thinkers who have influenced American political institutions.



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INTERNATIONAL OUTLOOK

BUSINESS WEEK

OCT. 5, 1957



Communist Party boss Nikita Khrushchev is tossing Stalin's system of Five-Year Plans right out the window.

First Khrushchev launched his economic decentralization scheme (BW—Jul.13'57,p25). Now he is scrapping the sixth Five-Year Plan and substituting his own Seven-Year Plan (1958-65).

If Khrushchev can make the new system work, he will be rated by future historians along with Lenin and Stalin.

Khrushchev undoubtedly intends to have his name attached to the new economic setup, just as Stalin fastened his to the old plans. Already there is much less talk about "collective leadership."

One thing Khrushchev must do is blame the failure of the sixth plan on the Presidium members whom he just tossed out—and, perhaps, on Bulganin, who obviously is on his way out. In fact, Khrushchev personally had little to do with the sixth plan except for agriculture.

Meanwhile, the party boss is making sure that he has the new levers of power in his own hands. For example, his new long-term planning organization has taken over the supply agencies of the main industrial ministries abolished under his reorganization scheme.

So, despite decentralization, it looks as if the Soviet economy will be held on a tighter rein than at any time since Stalin's death. Plant managers will find they have less power, will follow the line laid down by Khrushchev's local party bosses.

Khrushchev has about a year to experiment without having to publish any economic statistics. The sixth Five-Year Plan already has officially ended and Khrushchev's plan isn't to start until next July.

—•—

U.S. officials think that the fall of the Bourges government makes the French crisis the worst since the war. There is real danger in political drifting when France faces financial bankruptcy at home and political bankruptcy in Algeria.

Bourges was brought down by crossfire from rightists, who feared the government's Algerian policy, and a wide variety of deputies, who opposed its economic austerity.

Now two things seem almost certain to follow:

- Large scale speculation against the franc, and a flight of capital from Paris.
- Further weakening of France's position in Algeria—perhaps to the point where compromise is no longer possible.

—•—

Despite the \$292-million drop in British gold reserves during September (the August loss was \$225-million), it looks as if sterling has turned the corner for the time being.

The drain on London stopped after the 7% bank rate and the government's shift of policy were announced (page 86). And London still has reserves of over \$1.8-billion. It has about \$3-billion in all, if you count

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
OCT. 5, 1957

credits available from the Export-Import Bank and the International Monetary Fund.

But rebuilding confidence in the pound, and rebuilding London's reserves, will be a slow and painful job. Success will depend primarily on the outcome of the impending wage showdown. Confidence will be affected also by how the prospects look this winter for the return of the Socialist Party to office.

The Macmillan government isn't pinning all its hopes for strengthening sterling on its domestic program. It has also been engaged in some delicate maneuvers abroad.

- A few days before the Washington meeting of the IMF, the British came to an economic understanding with Bonn. This produced a joint Anglo-German stand at the IMF against any change in their currency rates. (Earlier, London unofficially seemed to be encouraging an upward revaluation of the D-mark.) There was also agreement that West Germany and Britain would work together for freer trade in Europe. Apparently this joint effort would be tempered, in case of bad times, by broad cartel arrangements—but not by new trade restrictions.

- Following the IMF session, three British cabinet ministers plus some top officials spent a week in Canada trying to strengthen Commonwealth trade ties. The British made an offer of free trade between Canada and the United Kingdom—but for political effect only. If any solid deals are made, they are likely to be of a different kind. For example, there have been hints that Britain might buy some additional Canadian wheat—and pay for it in sterling. (Last year London spent £77-million on Canadian wheat, £26-million on American wheat.) The Canadians—in a sort of PL 480 operation—would use the sterling to extend aid to new Commonwealth nations like Ghana or Malaya.

Fears of a world trade recession are growing fast in London—because of the monetary restraints being imposed in the three main industrial countries, the U. S., Britain, and West Germany.

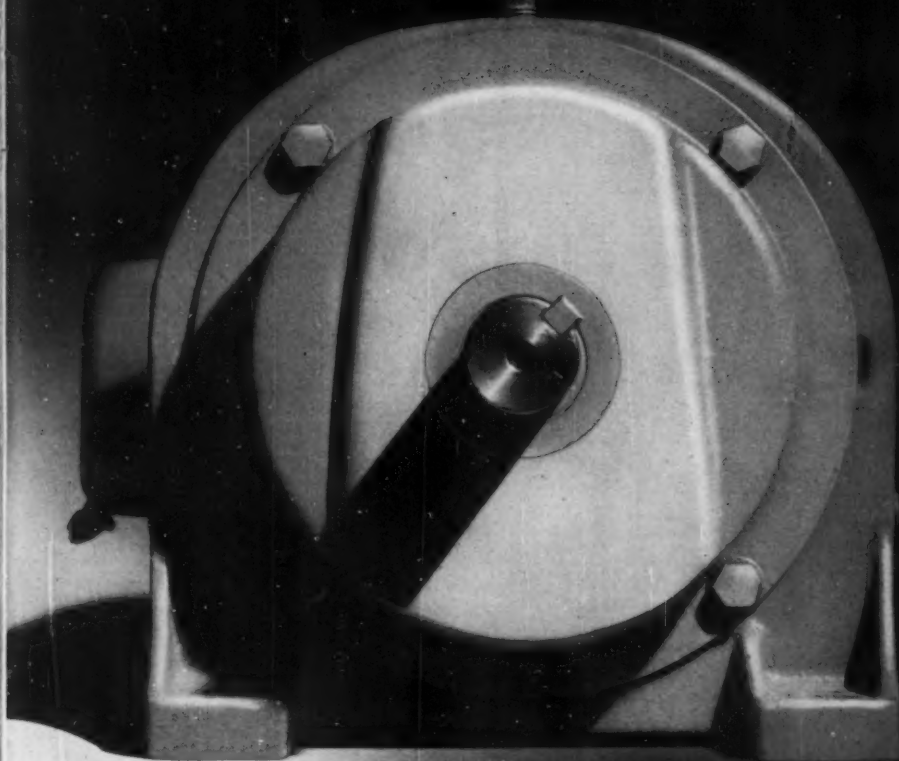
London observers see the situation this way: A slump in the U. S. would produce major trouble in the less developed countries. But even if the economies of the U. S., Britain, and Germany simply stay level for several months, there will be a decline in the less developed countries. That, in turn, will shrink exports of industrial products from the U. S., Britain, and Germany by next spring or summer.

If it is any consolation, say some Londoners, an international decline of this kind would end worries about inflation—for a while.

—•—

In Washington, protectionists and liberal traders are marshaling their forces for next year's Congressional battle over U. S. trade policy. The big issues will be extension of the Trade Agreements Act and U. S. membership in the proposed Organization for Trade Cooperation. The Eisenhower Administration will be sponsoring both.

Leading the opposition will be the nationwide Committee of Industry, Agriculture & Labor on Import-Export Policy, which represents some 75 protectionist-minded industries. On the President's side will be the freer trade business groups, which have just merged two of their organizations—the Committee for a National Trade Policy and Americans for OTC.



INTEGRAL UNIT



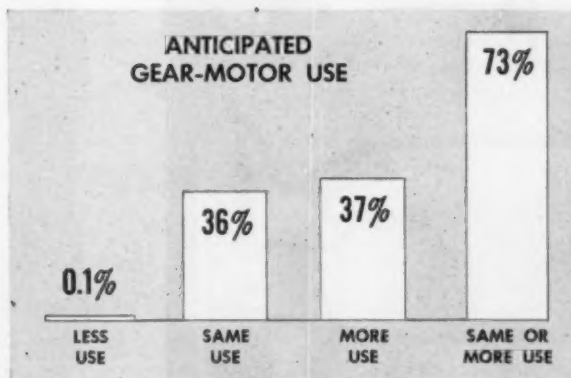
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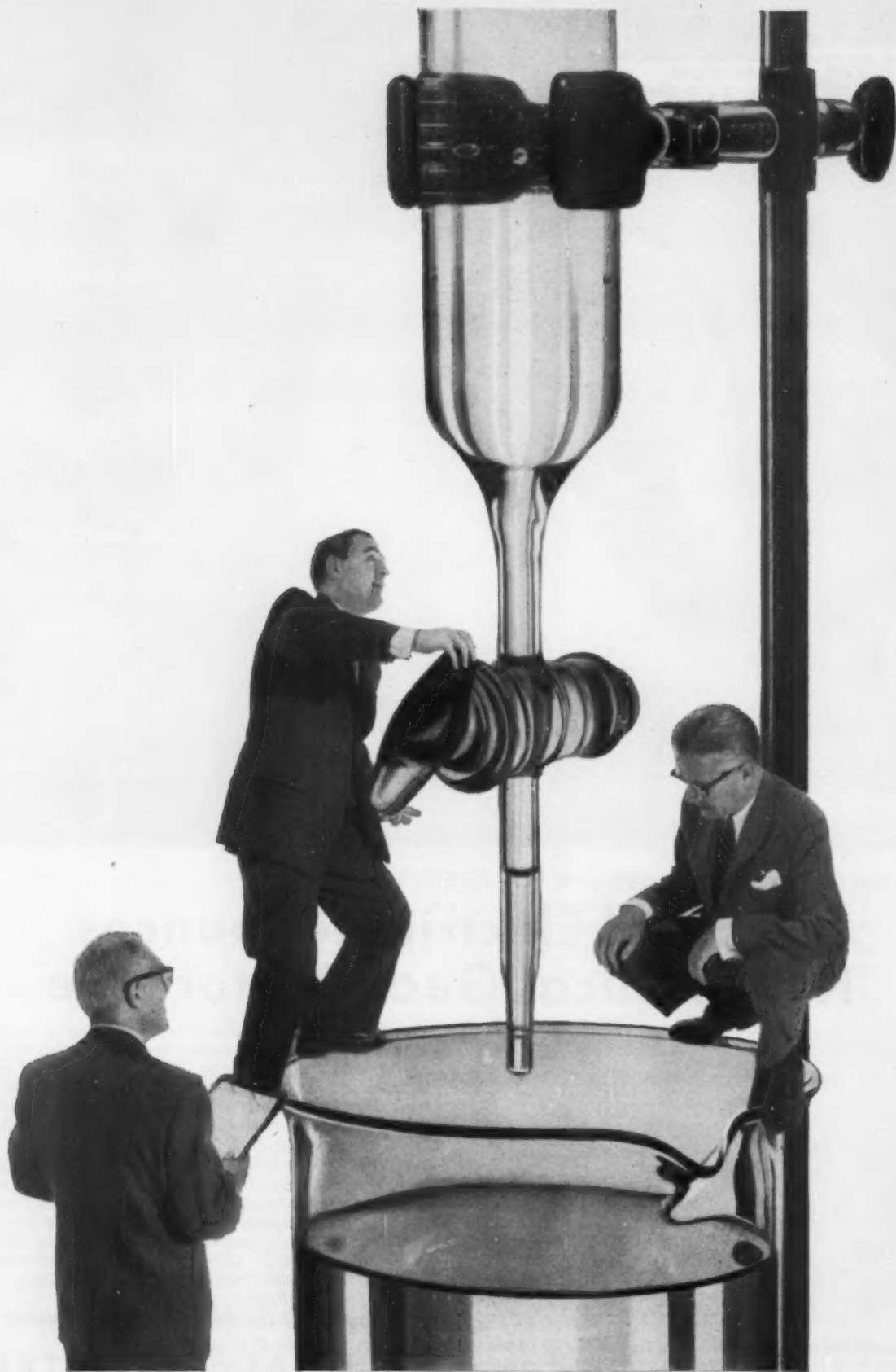
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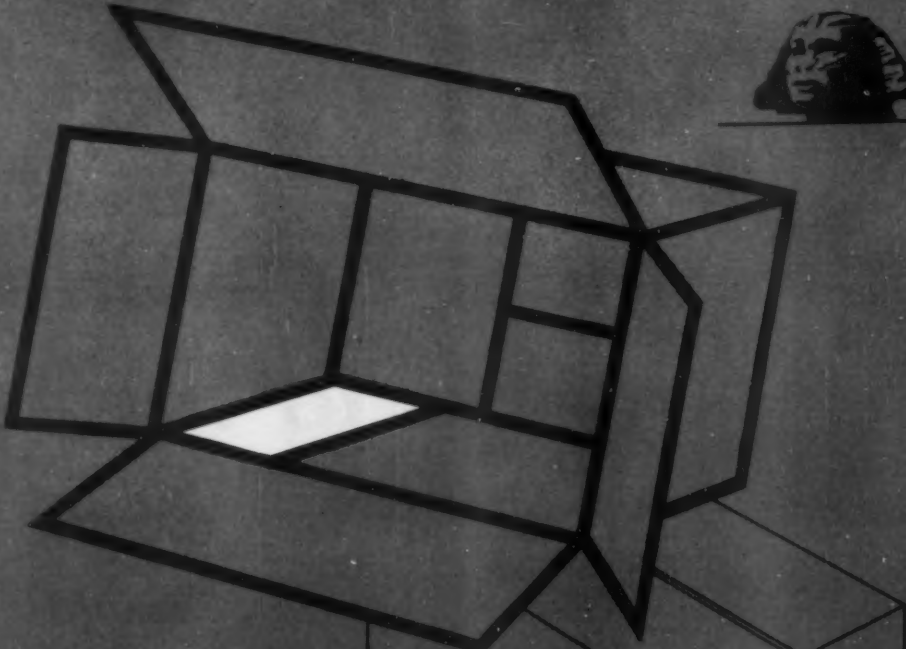
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LABOR

Here Are a Half-Dozen Big Issues the High Court Will Decide

Issue and Cases

"Hot cargo" clauses vs. Secondary boycotts

NLRB vs. General Drivers Union (Teamsters)

Machinists Union vs. NLRB
Carpenters Union vs. NLRB
NLRB vs. Milk Drivers Union

Strike vote clause

NLRB vs. Wooster Div. of Borg-Warner Corp.

No-distribution and no-solicitation rules

(1) NLRB vs. Steelworkers Union
(2) NLRB vs. Avondale Mills

Damages against union

Machinists vs. Gonzales
Automobile Workers vs. Russell

State vs. federal jurisdiction

Youngdahl (Clothing Workers) vs. Rainfair, Inc.
Hotel Employees vs. Sax Enterprises

Compulsory arbitration of new contract

Boston Printing Pressmen's Union vs. Potter Press

Where It Stands

NLRB says it's legal for a union to sign a "hot cargo" clause with an employer, but it's illegal to try to enforce it by direct appeals to employees. The lower courts are split, high court has not yet acted on appeals.

NLRB says it's illegal for employer to demand contract clause from union forbidding strikes unless approved by majority of union and non-union workers. Lower court ruled for the employer; Supreme Court will decide the case.

NLRB says (1) employer may forbid distribution of union literature on company property during nonworking hours even though it is handing out its own anti-union material; but (2) employer may not forbid union solicitation during working hours while permitting supervisors to campaign against the union. Lower courts reversed both NLRB rulings; high court has already agreed to review the no-solicitation case.

Unions are fighting state court decisions that Taft-Hartley does not bar states from awarding damages to employees for loss of wages caused by unlawful union conduct. High court will decide union appeals.

Unions claim state courts lack jurisdiction, under Taft-Hartley Act and free speech rights of union, to bar picketing. High court already has agreed to review Clothing Workers case.

Union says Taft-Hartley gives federal courts power to enforce collective bargaining agreement to arbitrate new terms of a new contract. Supreme Court has not yet decided to review lower court ruling against union.

Labor Cases Crowd Court Docket

Supreme Court's rulings on some of the big issues now pending could start a whole new line of precedent for both the National Labor Relations Board and the lower courts.

Labor management cases make up a large part of the U.S. Supreme Court's docket for the new 1957-1958 term, opening Oct. 7. Following a round of controversial decisions last summer, the nine justices will start disposing of what promises to be the heaviest case load in the history of the court.

• **The Agenda**—Here are the key labor

issues already presented for the court's "final say":

• Is the National Labor Relations Board correct in permitting a union to sign "hot cargo" clauses and even enforce them by asking an employer to abide by such a clause, but declaring a union violates the Taft-Hartley ban on secondary boycotts when it directly

urges employees to refuse to handle goods under the "hot cargo" clause?

• Is a demand for a strike vote by all employees a proper subject for an employer to insist on before completing collective bargaining negotiations?

• How far may employers go in forbidding union campaigning on company property while the company itself is campaigning against the union?

• Can states assess damages against unions, payable to workers who claim they lost wages because of union action—such as illegal picketing?

• Can a union use a federal court

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to compel an employer to submit the negotiation of a new contract to arbitration if the employer signed a previous collective bargaining agreement providing for that kind of arbitration?

• A number of cases again submit the question: Where is the line that state courts must follow to avoid overstepping their authority and entering the area of exclusive federal jurisdiction over picketing?

• **Significant Cases**—The above issues stand out as most significant in the approximately 50 labor cases now pending before the court. By next June, the court will very likely receive over 100 labor cases—about the same number as last term. And, cases filed after the court is in session often turn out to be the big cases.

In addition, the importance of a case often depends on the way the court decides it: A case with sweeping implications often is decided on such narrow technical grounds that no practical guide applicable everywhere is set up. And, seemingly narrow cases can be so written as to start a whole new line of precedent for either NLRB or the lower courts to apply in differing situations.

• **No Man's Land**—Certainly high on the list of significant labor decisions issued by the Supreme Court last term are those dealing with state court jurisdiction over labor disputes covered by the Taft-Hartley Act and the enforceability of arbitration agreements.

For instance, in the so-called Guss case, the court held that the state courts may not interfere in disputes either prohibited or protected by Taft-Hartley—even if NLRB refuses to take jurisdiction over them on jurisdictional grounds. This no man's land, said the court, can be entered by a state court only where the board has actually ceded its jurisdiction to the state.

There are certain to be rumblings on this issue before the court in the new term. At least one case—Youngdahl (Clothing Workers) vs. Rainfair, Inc. (page 155)—in this general area of state court authority over union picketing was accepted by the high court for decision last term, and will be argued early this fall.

On arbitration, the court last year ruled that T-H empowers federal courts to compel either side to a collective bargaining agreement providing for arbitration of grievances to submit the dispute to arbitration. The court now is being asked to extend this ruling to a far different situation.

The Boston Printing Pressmen's Union wants the high court to rule that courts may also enforce agreements to arbitrate differences that arise in the negotiation of terms to be included in a new contract. The old contract between the union and Potter Press con-

tained a clause binding the parties to arbitrate any disputes over changes to be made in writing a new one.

The Federal Court of Appeals in Boston—which last year ruled in favor of arbitration of grievances—rejected the Pressmen's Union's request to compel arbitration. The high court may either accept or reject the new case. Rejection would, in effect, uphold the Boston Court of Appeals.

• **Hot Cargo Is Hot Issue**—Certainly the most controversial and significant issue now pending before the court is over the use of "hot cargo" clauses. A handful of cases present the issue, in one form or another (page 155). None of them has been accepted yet for review. But many observers believe the showdown on "hot cargo" contract clauses has finally come since the pending cases reveal a wide split among several lower federal courts. The court, they say, will choose to decide one or more of the cases, thus resolving at least some of the present uncertainty. The way the ruling goes could swing the tide in the organizing campaigns of the International Brotherhood of Teamsters and limit the effectiveness of Teamsters' cooperation with other unions.

Basically, the "hot cargo" contract clause—whether in a Teamsters or some other union contract, such as in Building Trades agreements—allows the employer's workers to refuse to handle "unfair" goods of another employer.

NLRB's handling of the "hot cargo" issue has gone through an evolution. It still holds that such contract clauses are a legal device—but only up to a point. A "hot cargo" clause can be put into a contract and followed, says the board, but a union cannot force its members to do so. A direct appeal to employees violates the Taft-Hartley Act ban on pressuring employees to act against a secondary employer. At least one federal court—in the Carpenters Union vs. NLRB (page 155)—goes along with the board.

• **Test Case**—The Court of Appeals in Washington (D. C.) goes just the opposite. Its ruling has resulted in two appeals to the Supreme Court—Machinists Union vs. NLRB and NLRB vs. General Drivers Union (Teamsters)—and could well be the test case. Here's the background:

AFL-CIO Machinists, then on strike against American Iron & Machine Works Co., picketed both its plants and its trucks at loading platforms of common carrier trucking firms. Teamsters Union representatives then instructed employees of the carriers not to unload American Iron & Machine Co. trucks, under the "hot cargo" clause in their contract with the truckers.

NLRB ruled that both the Machinists and the Teamsters are guilty of illegal

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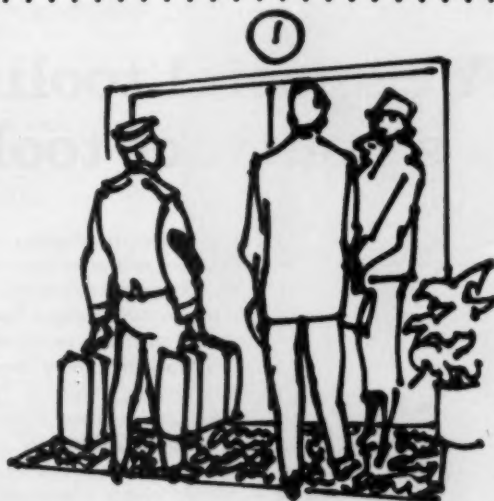


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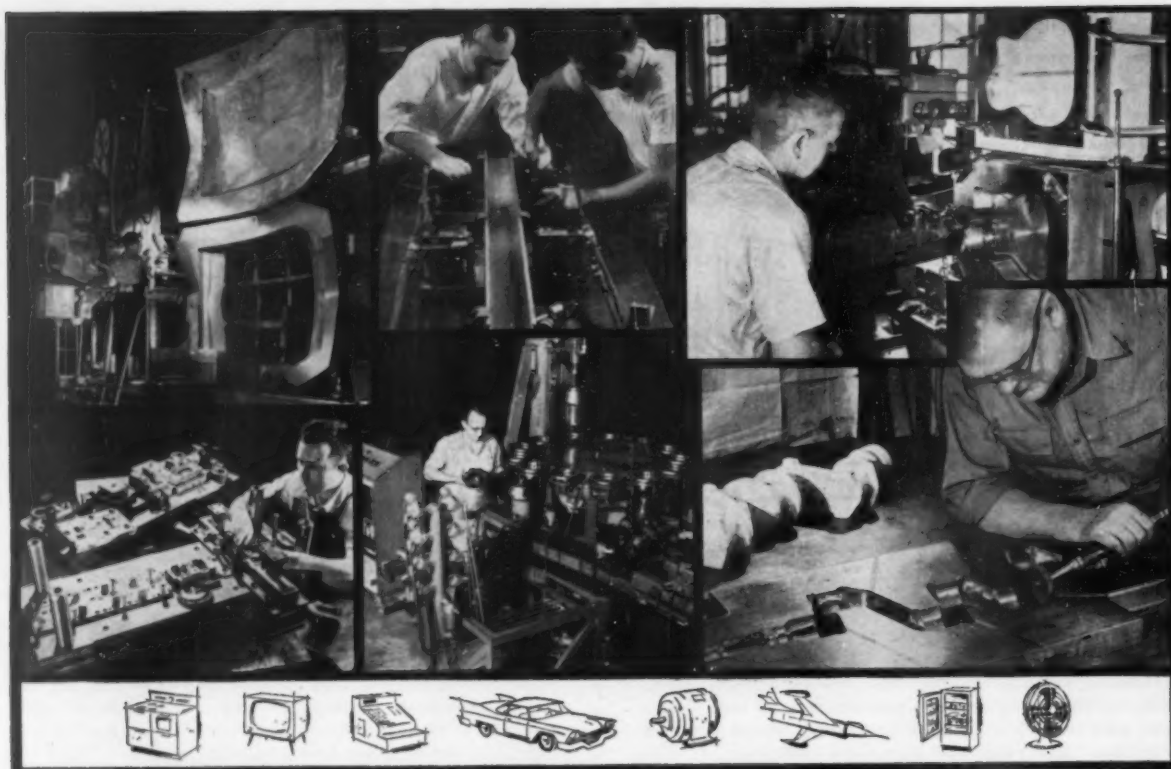
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secondary boycotts, because they induced "neutral" employees of the truckers not to handle the "unfair" goods.

The Washington Court of Appeals, in a 2-to-1 ruling, upheld NLRB as to the Machinists but reversed the board's ruling against the Teamsters. The court made this distinction: Since "hot cargo" clauses are legal agreements

that truckers' employees would not have to handle goods of unfair employers, the Teamsters were only enforcing the agreement with the common carrier trucking firms.

But the Machinists were not parties to the "hot cargo" contracts between the truckers and the Teamsters. And they cannot use those contracts as a defense to justify "ambulatory" picket-

ing—the picketing of American Iron & Machine Works Co. trucks that caused the boycott by employees of the "neutral" truckers.

A Supreme Court review of the Teamsters ruling in this case—appealed by NLRB—could settle the issue of whether "hot cargo" is a legal weapon only so long as a union does not try to enforce it.

Teamsters Head for Showdown

If AFL-CIO doesn't like what develops at the climactic convention this week, the embattled IBT is ready to fight.

The International Brotherhood of Teamsters emphasized on the eve of its election this week that no matter who wields the closing gavel on the 1957 convention, the union hopes and expects to remain in AFL-CIO. But it looked like a very dim hope.

At the same time, the Teamsters made clear that, "if they kick us out, we will not be in any hurry going back."

Clearly, the nation's largest union, which claims more than 14-million members, will fight to protect and extend its sprawling jurisdiction if it is kicked out of AFL-CIO. It will use the \$1-million a year it now contributes to AFL-CIO to fight the merged labor movement on every front.

The Teamsters convention in Miami Beach had made these points clear by midweek, as an internal struggle for power neared a climax. Not for years—since Walter Reuther defeated the late Allan S. Haywood for the CIO presidency in 1952—has union politics so dominated a convention.

• **Bitterness Continues**—No matter who leads the Teamsters in the coming years, bitterness and factionalism can be expected to continue. Handshakes and pledges of a solid front to the contrary, basic rivalries will go on.

They will hardly split the Teamsters, although early this week a number of large locals indicated that, should AFL-CIO expel its largest affiliate, the Teamsters, they might remain in the federation as the nucleus of a new truckers' union.

• **Opposition**—While the convention sat, worry about the lasting implications of the union's course was growing hour by hour, in Washington, Miami Beach, and cities across the country. There was a reason: On Wednesday, James R. Hoffa, the highly controversial ninth vice-president, had winning strength in his bid for the Teamsters presidency, to succeed Dave Beck.

But no candidate for union office had ever encountered such concentrated op-

position, from the outside—the government, the public, and the bulk of organized labor. And there was bitter opposition to him within his own union.

Pressure was growing on the one issue, and one only, that had been raised in the first convention of Teamsters since 1952: Should a leader of demonstrated ability in organizational and negotiating fields head the Teamsters even at a cost of possible expulsion from AFL-CIO and a lasting stigma of corruption?

• **New Support**—As the convention progressed, delegates in sports shirts concentrated on that. Slowly, and not without debate, they built up a defense in depth planned to give the Teamsters' new president:

• Strong support for a contention that the Teamsters, under any leadership, is moving substantially into compliance with the codes of ethical labor standards.

• A new and strengthened internal structure designed to make the Teamsters an even more dangerous independent union if expelled from the federation.

In a way, these were defensive steps—and the convention sessions were constantly aware that the closest attention was being given to any sign of vulnerability.

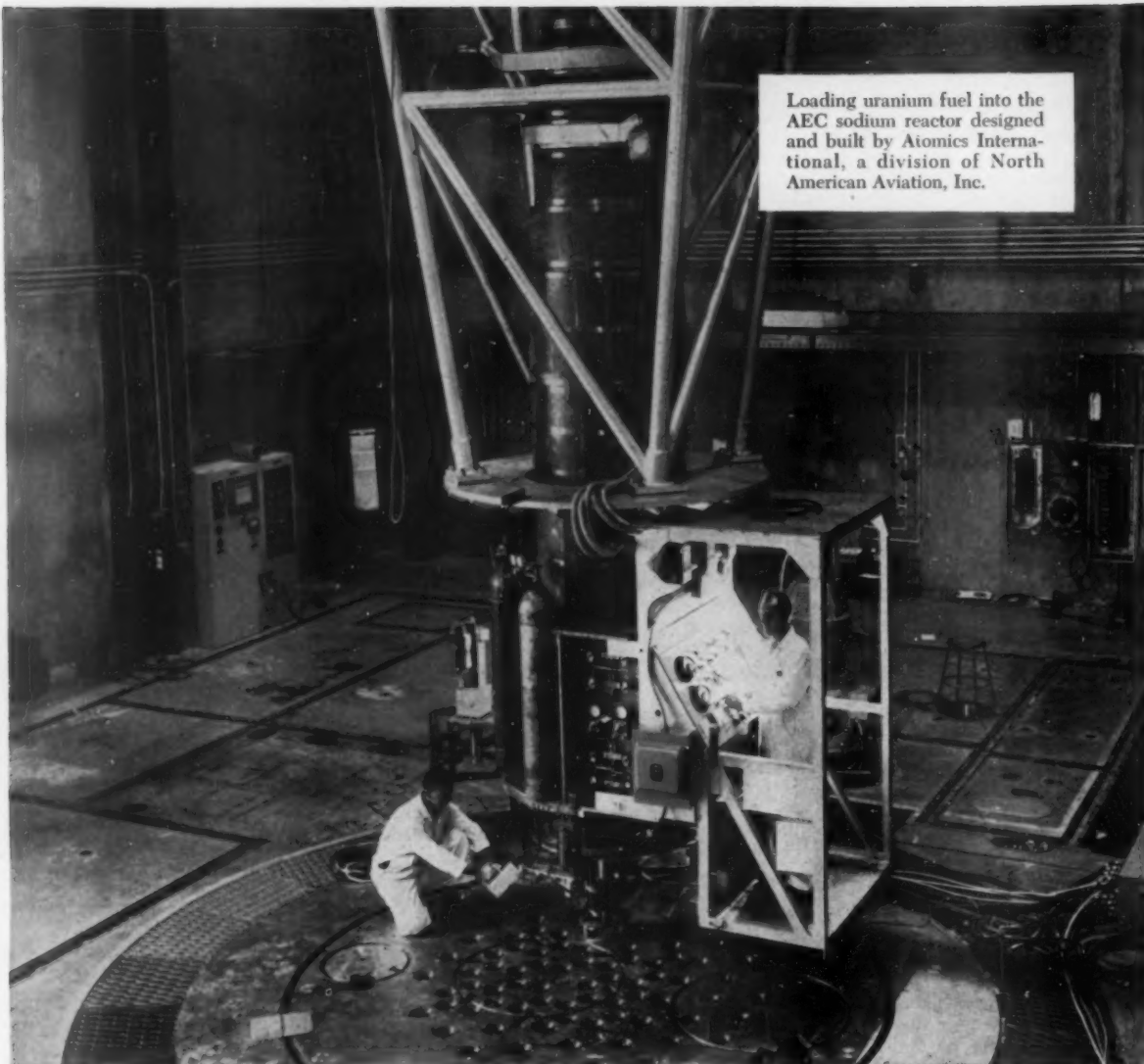
This was reflected, among other ways, in the closest supervision of convention credentials in the history of the Teamsters. The McClellan committee and a group of rank-and-filers charged that the convention was "rigged" to give control to Hoffa forces; the delegates weren't sure until Tuesday, when Chief Justice Earl Warren denied an injunction appeal that the election could be held on schedule.

• **Defiance**—There was outspoken defiance, too. John F. English, secretary-treasurer of the Teamsters, keyed it early in the week, when he departed from a report text to warn AFL-CIO that if it expels the Teamsters, the truckers union will leave reluctantly—but united in determination to fight, not crawl, back.

What he said has implications for every employer who is—or might some



PRESIDENT Dave Beck takes convention plaudits, but bows out for successor.



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day be—in the jurisdiction of the Teamsters.

"We have given the AFL-CIO . . . close to \$1-million a year," English noted. "They haven't got any money in reserve whether you know it or not, and we will have that \$1-million to play with—if you know what I mean."

• **Veiled Threat**—That wasn't all. English added, by indirection referring to talk of union realignments if the Teamsters leave AFL-CIO, "Any of those fellows who are our friends now in AFL-CIO, if they want to be our friends we will take care of them; if they don't they can all go straight to hell."

The meaning of this is clear: Many unions have counted on Teamsters support in organizing and strike situations in the past; only "our friends" are assured Teamsters aid if a split with AFL-CIO comes.

English's warning wasn't braggadocio; it was serious, considered comment, albeit extemporaneous, from one

of the Teamsters' most respected leaders. It is, more importantly, common thinking in the Teamsters.

• **Changes in Constitution**—English also set the stage for one of the most drastic revisions of a union constitution ever undertaken. In sharply worded criticism of Beck, he urged the convention to "give us a constitution where it won't be a one-man organization."

The constitutional changes:

• **Go beyond AFL-CIO ethical standards requirements** in many ways; one enlarges the union auditing staff and requires every local to have—and submit to the international—a detailed, annual CPA audit of its books.

• **Strip considerable power** from the union president and give it to an enlarged executive board. According to the union's interpretation of these changes, the board rather than the president, will set policy and interpret the constitution. Beck said that if he was in the running for the presidency again, he would "personally" oppose any abridge-

ment of the president's power, because, he said, it would mean less chance for aggressive but flexible leadership.

• **Require the board to meet** at least once every quarter; up to now, the board has been convened only at the whim of the president.

• **The Test**—There are many other changes, all intended to tighten curbs on the loose practices that have brought the union into disrepute with government, public, and labor. The union's retiring executive board and the constitution committee (strongly influenced by English and Hoffa) say that its ratification should go a long way toward satisfying AFL-CIO demands.

But, will it? English, a member of the AFL-CIO executive council, as successor to Beck who was ousted, says frankly: "I'm not so sure [these changes] will." The test will be whether the new leadership—with a president given considerably less power—will satisfy AFL-CIO as one likely to administer the new constitution honestly and sincerely.

POGO

By Walt Kelly



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Pogo and Labor Dept. Unite in School Drive

The faithful readers of Walt Kelly's daily comic strip, Pogo, may have been surprised to find Labor Secy. James P. Mitchell in correspondence with the denizens of Okefenokee swamp but Pogo shouldn't have been. He is currently featured in the Labor Dept.'s drive to cut down the number of school

drop-outs—four out of every 10 high school students quit before graduation. The right to use Mitchell's letters in the comic strip was a kind of quid pro quo for Pogo's service in the campaign. Kelly, whose cartoon appears in 500 newspapers with a 44-million circulation, contributed as a public service

promotional material centered on Pogo for use in newspapers, over TV, and for posting in public places.

Pogo, says a Labor Dept. official, was picked because of his warm possum-like appeal to youngsters and because of the intellectual appeal of the strip to parents and older children. **END**



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In Labor

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McClellan Committee Probers Dig Into Doings of Operating Engineers

The next union target of the Senate select committee headed by Sen. John L. McClellan (D-Ark.) is likely to be the International Union of Operating Engineers.

Committee investigators are currently digging into the activities of William E. Maloney, 73, president of the 200,000-member international. The probing is based on information that Maloney muscled into power 17 years ago after having tied up with corrupt forces.

Maloney, born in Detroit, moved to Chicago in 1928—"penniless," according to investigators. A year or two later, he obtained a charter for Local 150 of the Operating Engineers. Probers say this local has never had an election, and has been run as Maloney's "personal property" under a trusteeship. It now has 6,700 members and about half a million dollars in its treasury.

Hearings on the Operating Engineers aren't scheduled until after the first of the year.

• • •

Washington State Teamsters Organizers Get Foot in Real Estate Men's Door

The International Brotherhood of Teamsters is trying to unionize real estate salesmen in Washington state—and Kenneth S. Keyes, president of the National Assn. of Real Estate Boards, considers the move "a new threat to real estate business nationally."

Three Seattle real estate firms, one of them a company with 70 salesmen, have agreed to sign contracts with the Teamsters. According to Keyes, this is "the first step in what may become a nationwide problem."

So far, however, national concern doesn't seem warranted. From time to time in the past, the union has shown an interest in real estate salesmen in the Pacific Northwest, but little has come of it. And, currently, the Teamsters national organizing program doesn't mention real estate men.

• • •

Automation Welcomed by Lithographers As an Aid to Winning More Members

The 75-year-old Amalgamated Lithographers of America, AFL-CIO, sees automation as a new opportunity to organize all lithographic workers—whether or not the AFL-CIO approves. Last week the union's convention in Chicago opened an all-out drive with that in mind.

Union leaders believe automation will give Lithographers the edge in jurisdictional clashes with the Printing Pressmen and the International Typographers Union, both AFL-CIO. The union says new processes—such as

multi-color presses, electronic color cameras, "cold-type" setting, and a photographic and film system—will further the trend toward lithography and offset printing at the expense of letterpress work, which is within the jurisdiction of the ITU and Printing Pressmen.

The union decided to appropriate \$1-million to boost research and development work on new processes—if the 3,000 employers under union contract will match the sum. If management goes along, this move is expected to further strengthen the ALA's position in the industry.

One indication of the Lithographers' determination to expand was a threat to secede from the AFL-CIO if the federation blocks its organizing drive because of the conflicting claims of jurisdiction.

• • •

AFL-CIO Mergers Complete in 29 States, But Movement Lags in Industrial Areas

Mergers of state AFL and CIO organizations have crawled past the halfway mark nationally, but federation leaders are gloomy about the chances of substantial progress before the AFL-CIO convention in December.

Maryland-District of Columbia AFL and CIO bodies completed an amalgamation recently, to become the 29th unified state federation. Nevada was the 28th, a few weeks earlier.

However, efforts to merge rival organizations in major industrial states have gotten nowhere, despite top-level efforts from AFL-CIO headquarters. Building tradesmen and Teamsters officials are chief dissidents.

George Meany, president of the AFL-CIO, has renewed his warning that state bodies that do not complete mergers by convention time (1) won't be recognized at the convention, and (2) will be replaced by new, AFL-CIO chartered state bodies.

• • •

AFL-CIO Accepts Trainmen's Union —If It Ends Race Discrimination

The AFL-CIO executive council voted last week to adopt the 200,000-member Brotherhood of Railroad Trainmen (BW—Aug. 17 '57, p147) into the federation—but not until the council received what it described as "firm assurances" that BRT will lower its race bars.

Along with a number of other major brotherhoods, the BRT has traditionally had tight restrictions on Negro membership. At one time, it was an all-white union. Now, after growing pressure, it has modified its past policy and admitted about 2,000 Negroes.

The AFL-CIO constitution bars race discrimination in affiliated unions. CIO insisted on this in merger negotiations. When BRT indicated it wanted to join the federation, the former CIO bloc made clear that it would not agree until the rail union complied with "equal rights" rules.

When the issue came up last week, BRT officers promised that the brotherhood's next convention would take formal action on constitutional changes to comply with AFL-CIO policy.



SOUND-LEVEL METER 4:26 P.M. THURSDAY



SOUND-LEVEL METER 9:47 A.M. FRIDAY

How to muffle office noise by 9 A.M.

SOUND CONDITION with beautiful new Armstrong Ceilings.
They can be installed overnight.

LOOK at the meters in the pictures above. See how the needle at the right has dropped. It shows how an Armstrong acoustical ceiling reduces disturbing office noise. Result, personnel efficiency goes up. Best of all, Armstrong Ceilings can be installed overnight!

Armstrong Ceilings absorb up to 75 per cent of the noise that strikes them. In addition to sound conditioning, the ceilings offer many other advantages.

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THE MARKETS

Wall St. Talks . . .

. . . about mutual fund sales, new issues, omitted dividends, consumer goods stocks.

Mutual funds depend heavily on New York Stock Exchange firms for sales. Albert C. Purkiss, a vice-president of Walston & Co., told the mutual fund convention this week that member firms account for about 35% of total mutual fund monthly volume. One reason: Securities salesmen get vastly higher commissions on mutual fund shares than on corporate stock.

Dividend omissions last month topped a year ago, although omissions were fewer than in August. According to a New York World-Telegram & Sun compilation, 10 companies omitted dividends in September—compared with seven during the same 1956 month—and 22 in August. Dividend reductions also rose over the year-ago period, from five in September, 1956, to nine in the 1957 month.

Speaking of dividends, Northern Pacific Ry. hiked its quarterly payment from 45¢ to 50¢. The oil-rich road reported the highest eight-month profit in 38 years and a record August. The action was a bright spot in a generally gloomy rail picture.

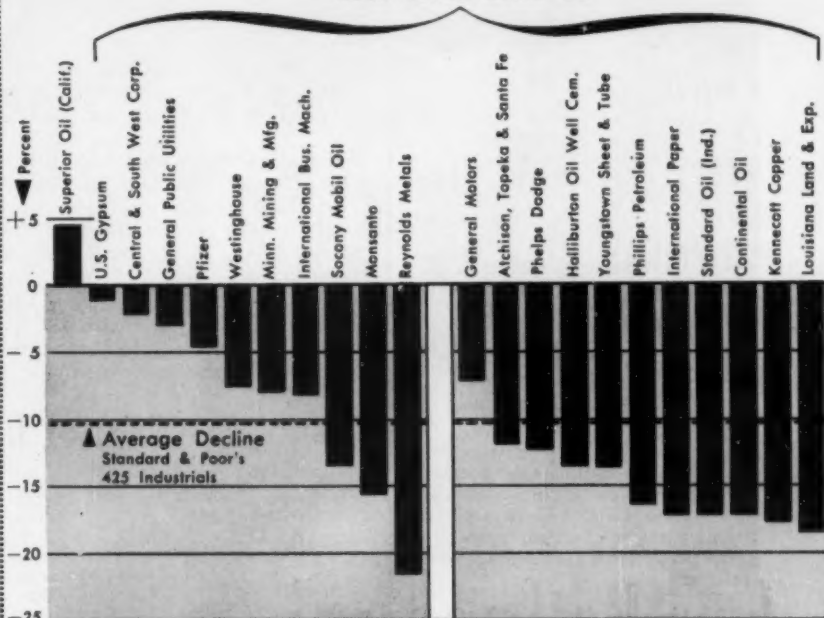
Wall Streeters are bearish on "growth" stocks for the near term, while casting bullish glances toward the consumer goods stocks. One market letter writer predicted that these "tor-toises" of 1955 to 1956 may become the "hares" of 1957. He bases his view partly on the continuing high level of consumer spending.

Bond dealers don't seem to be disturbed over the continuing heavy supply of new issues hitting the market. Bidding on municipals, for example, remains strong, and investor reception generally has been enthusiastic. Corporate debt issues yielding 5% and above are drawing money from the stock market, dealers say.

The Big Board one day last week failed to chalk up a single new high—for the second time this year. The previous failure came during the February slide. On another day, P. Lorillard Co. was the sole new high. Booming sales of the company's filtered Kent cigarettes, Streeters say, are at least partly responsible.

How the "Pros" Prepared for Trouble

Loss Since June 30



These stocks the investment companies bought heavily in the first half—and most of them declined less than the market as a whole.

These stocks the professionals sold heavily in the first half—and all but one of them have dropped more than the market.

Data: Biggest Common Stock Holdings of Closed- and Open-End Investment Companies on June 30, 1957, According to Vickers Associates, Inc.

And How the Dikes Held

On the whole, investment trust guesses on the stock to buy or sell in first-half 1957 panned out better than market average.

The stock market has been churning about so fitfully of late—with no clear indication of a movement in one direction or another—that investors are often hard put to it to find any firm signs to steer by.

Take the market's October gambit on Tuesday and Wednesday this week—a modest rally after four listless days of trading. Thanks largely to strength in the steels and oils, Standard & Poor's 425 industrials edged up slightly to the 46.54 level. But at the end of Wednesday's trading the index was still not far above its Sept. 25 low of 45.50, and it was still some 14% below the July 16 mark of 53.58 from which the 10-week decline started.

• Looking to the Experts—In such cir-

cumstances, many an investor would give his left arm to know what the experts are doing. One set of experts he looks to are the managers of the investment trust companies—the full-time professionals who have available the best of Wall Street's analysts and its skilled opinion in making decisions that affect huge blocks of stock.

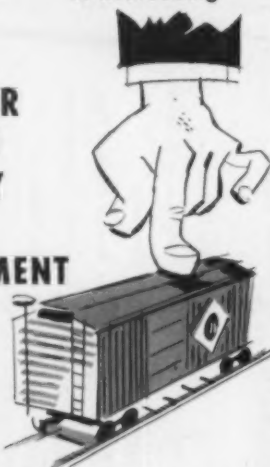
However, the best indications of what these pros as a group are doing don't appear until some time after the event. The investment trusts are close-mouthed about day-by-day operations, but the Vickers Associates, Inc., report summarized in the chart above and in the tabulation on page 166 tells the latest story of their tactics.

The tabulation shows the 50 common stocks most widely held on June 30 by the nation's leading investment companies—60 closed-end trusts, and more than 165 of the mutual funds—and the changes in the list in first-half 1957. The chart shows how the investment companies' judgment in buying



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Dividend Announcement

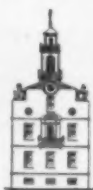
**Massachusetts
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**DECLARES ITS
132nd Consecutive Dividend**

9 cents a share,
from net income,
payable October 25
to shareholders of
record September
30, 1957.

ROBERT W. LADD,
Secretary

200 Berkeley Street, Boston



UNMATCHED

Advertisers have placed more pages of business and industrial advertising in *Business Week* than in any competing magazine for 19 consecutive years.

and selling in the six months up to June 30 has been borne out since.

• **What Happened**—It's evident that investment companies did considerable portfolio shifting in the first half. Eleven issues jumped ahead five positions or more in the ranking, led by International Business Machines, which leaped from 11th place to second. Eleven issues also fell by five places or more.

The chart shows what happened to these 22 issues since June 30.

Of the 11 issues which the trusts bought heavily in first-half 1957 (left side of chart), all but three have declined less than the 10.2% drop registered by the S&P industrials. One—Superior Oil (Calif.)—gained 4.5%. And of the 11 issues in which the trusts lightened their holdings (right side of

chart), all but one have declined more than average.

There are flaws in the record, though. Reynolds Metals, which the trusts stocked up on, fell further than Louisiana Land & Exploration, which they had been disposing of.

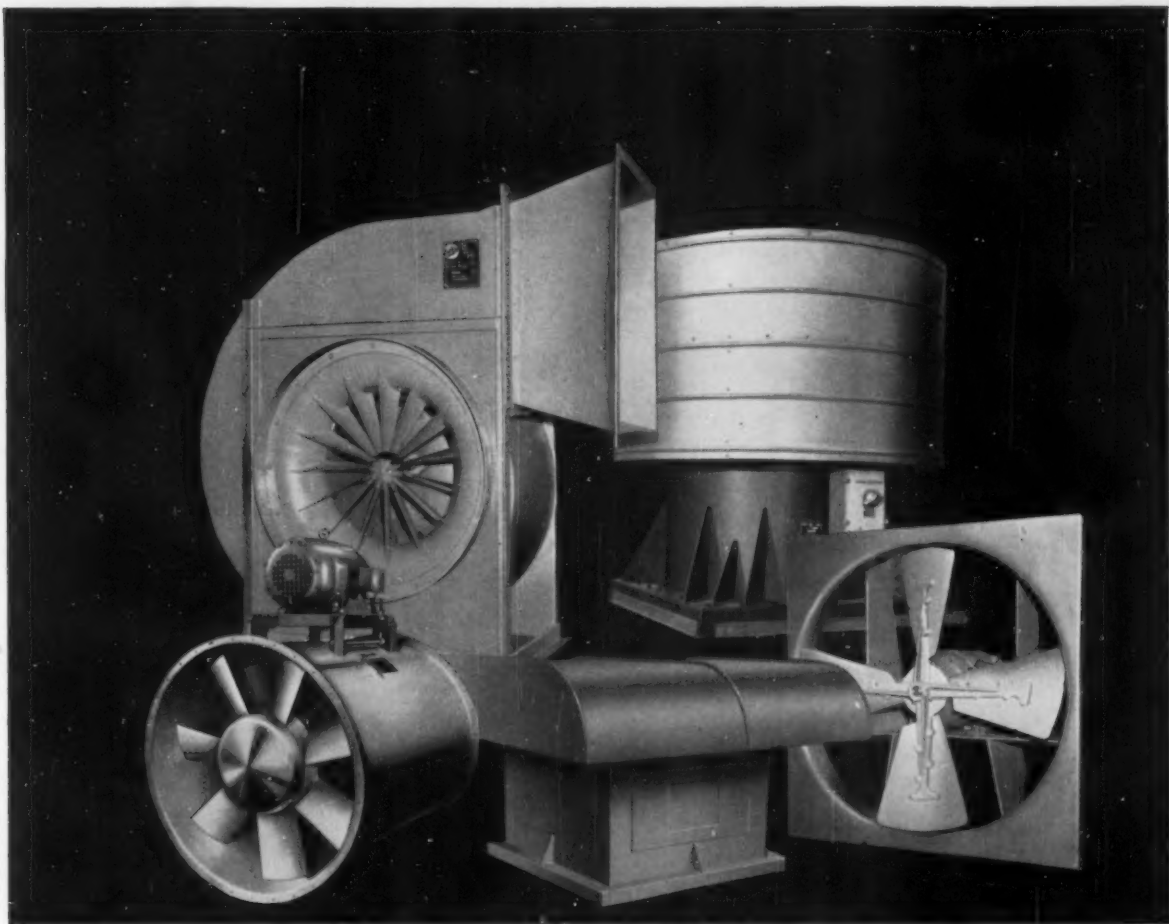
• **Grains of Salt**—There are some qualifications in considering the results. The buying that moved the 11 issues up in rank may have been done at various times over the first half; so the paper loss to the trusts is undoubtedly less than the price decline since June 30. The shifts in rank also result partly from price changes in individual issues.

And most important: Continued selling of "unpopular" issues by the trusts may in itself have accounted for the severity of the price declines in individual issues concerned.

"Favorite Fifty" of Investment Trusts

Rank by Market Value				Market Value (Millions)	Trusts Owning Shares	Shares Held (Thousands)	% of Issue Held
Dec. 31 1955	Dec. 31 1956	June 30 1957					
1	1	1	Standard Oil (N. J.)	\$187.7	110	2,844	1.44%
19	11	2	International Business Machines	142.4	62	430	3.72
7	4	3	Amerasia Petroleum	138.5	47	1,038	16.44
8	2	4	United States Steel	126.1	82	1,840	3.42
4	3	5	Bethlehem Steel	125.8	67	2,601	5.85
6	6	6	Texas Company	124.8	75	1,746	3.18
14	10	7	Gulf Oil	118.6	68	822	2.77
9	9	8	Standard Oil (Cal.)	107.6	62	1,922	3.03
13	12	9	Aluminium, Ltd.	104.5	67	2,165	7.19
12	5	10	Continental Oil	101.8	59	1,566	8.00
16	13	11	Goodyear Tire & Rubber	95.2	66	1,076	10.38
5	7	12	International Paper	93.1	59	900	7.40
3	15	13	Du Pont	87.9	73	457	1.00
11	14	14	General Electric	87.2	85	1,274	1.46
2	8	15	General Motors	85.9	79	1,997	0.72
18	25	16	Socony Mobil Oil	82.2	79	1,365	3.11
20	18	17	National Lead	81.9	43	630	5.40
27	16	18	Shell Oil	71.2	46	826	2.72
23	19	19	Armco Steel	67.0	54	1,167	9.74
10	20	20	Goodrich (B. F.)	65.9	48	859	9.61
15	21	21	Union Carbide & Carbon	63.3	72	530	1.76
34	31	22	Superior Oil (Cal.)	62.3	16	40	9.52
22	17	23	Phillips Petroleum	60.0	72	1,254	3.65
29	27	24	Firestone Tire & Rubber	58.4	29	631	7.77
24	28	25	Sinclair Oil	57.8	50	905	5.92
30	26	26	Republic Steel	57.8	53	1,050	6.75
31	30	27	Aluminum Co.	53.3	49	558	2.71
42	22	28	Standard Oil Company (Ind.)	51.6	46	975	2.75
37	24	29	Louisiana Land & Exploration	51.1	29	1,016	11.34
21	23	30	Kennecott Copper	50.5	64	460	4.24
—	47	31	Minnesota Mining Mfg.	48.4	36	540	3.22
—	34	32	International Nickel	47.7	53	457	3.13
26	29	33	American Telephone	47.1	60	271	0.42
49	35	34	Cities Service	45.2	38	679	6.58
36	40	35	Reynolds Metals	44.4	24	732	6.66
33	37	36	Southern Railway	43.2	33	1,026	15.80
41	48	37	Central & South West	41.3	51	1,097	10.65
35	43	38	General Public Utilities	41.0	52	1,136	11.01
—	42	39	Texas Utilities	40.9	45	940	7.69
38	45	40	United States Gypsum	39.8	29	653	8.16
48	33	41	Youngstown Sheet & Tube	39.8	33	378	11.00
40	32	42	Phelps Dodge	39.1	37	736	7.25
—	—	43	Pfizer, (Chas.)	38.7	35	671	12.51
28	—	44	Monsanto Chemical	37.7	51	988	4.60
44	—	45	Westinghouse Electric	37.6	48	576	3.44
—	—	46	Southern Company	36.8	43	1,535	7.27
17	39	47	Atchison, Topeka & Santa Fe	36.4	51	1,517	6.25
—	—	48	Minneapolis-Honeywell	34.6	32	325	4.91
—	38	49	Halliburton Oil Well Cem.	34.2	35	464	12.77
—	—	50	Middle South Utilities	33.9	45	966	12.72

Data: Vickers Associates, Inc. Guide to Investment Company Portfolios.



FAN'fare n. a flourish of trumpets ... Webster

It takes more than fanfare to sell fans for today's specialized industrial requirements — it requires the most complete line possible, with full selection of fan types, sizes, rotors and drive arrangements. Today, there's no such thing as a "general-purpose" fan.

"Buffalo" offers you this complete selection in propeller, axial flow and centrifugal fans. For instance, for large ventilation systems, you have a choice of type BL Fans for highest efficiency in Class I; and the new type BLH for peak performance on high pressure work. For mechanical draft and other heavy industrial work, you can select radial, airfoil,

backward curve or forward curve fans to match your requirements exactly. "Buffalo" Propeller Fans are built in 8" to 144" sizes to deliver up to 250,000 cfm — also available as package roof ventilators in many sizes. You can order rubber-lined exhausters, stainless steel fans, high-temperature fans, low-temperature fans, non-sparking and many others.

And beyond this, "Buffalo" engineering, testing and manufacturing facilities — working constantly *without* fanfare — are ready to work out the most specialized and difficult air problem you may have. Write for recommendations today!

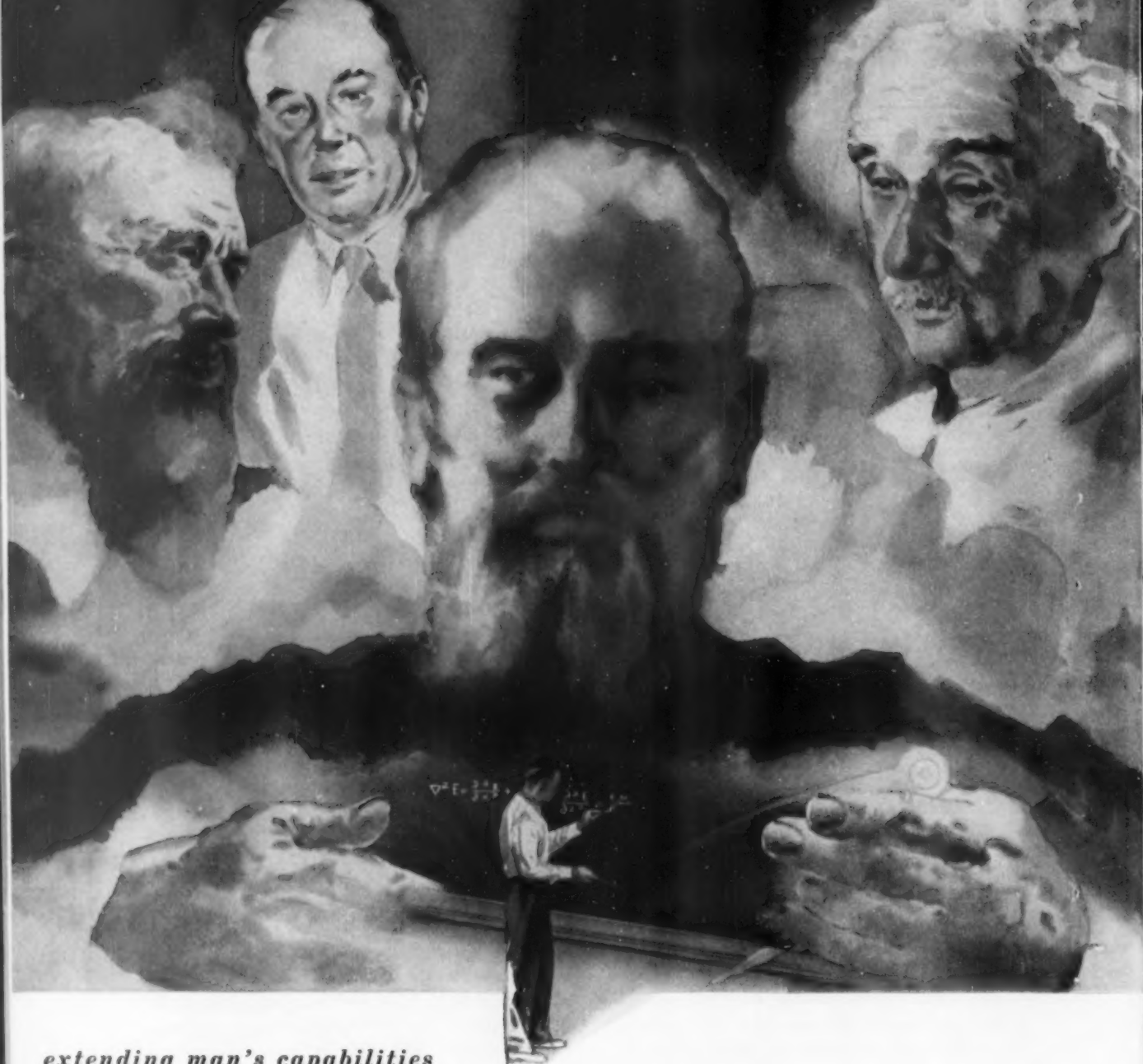
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BUFFALO, NEW YORK

Canadian Blower & Forge Co., Ltd., Kitchener, Ont.



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This series is presented by Norden-Ketay as a testimonial to those who use its products and services in advancing every scientific and engineering field.

PERSONAL BUSINESS

BUSINESS WEEK

OCT. 5, 1957

A BUSINESS WEEK

SERVICE

Estate-size houses—old and new—present a wide range of buying opportunities these days.

True, the day of "bargains," when you could pick up a \$300,000 estate for maybe \$50,000, is long past—the heaviest demand in 30 years has seen to that. But careful selection (whether you're buying or building) can still bring some surprising values.

The big field is in older homes. In most sections of the U.S., existing estate houses—usually with about 25 to 35 rooms and a minimum of several acres—comprise at least 75% of the market in mansions. New construction on this scale is still quite limited, except in such fast-growing areas as Texas and Arizona.

Generally, houses that originally cost \$150,000 to \$1-million (in the 1920s and 1930s) now sell for \$100,000 to \$250,000—with a very few ranging up to a top of \$400,000. The \$1-million estate—25 or 30 years old—commands about 25% of its original cost, while the \$150,000 estate brings about 70%.

You can also find a number of fine houses in the mansion class with fewer rooms and less acreage—built in the 1920s and 1930s for \$125,000 to \$150,000—on the market today for \$75,000 to \$100,000.

We're talking here about real estate in prime locations: Connecticut's Greenwich area, the Hudson River Valley, Long Island's North Shore, the suburbs of Boston and Philadelphia, Palm Beach, Asheville, N. C., Pittsburgh's Rolling Rock, Chicago's Lake Forest, the peninsula south of San Francisco, Pasadena, Santa Barbara, and others. If you are willing to go outside these highly preferred localities, you can get better "values"—but you risk problems if you ever contemplate a resale.

Your best buys, if possible resale is in the back of your mind, are formal English Georgian styles, early American colonials, and French provincials. These command premium prices these days, though there is a difference depending on location.

The "white elephants" of today's market are Spanish and Italian styles, built in the 1920s and 1930s, followed closely by big, cluttered Victorian houses without what experts call "pure" lines. This means, of course, that you can find some white elephant "bargains"—which is fine if you're satisfied and not worried about resale.

The soundest investment idea is to stay within the dictates of local fashion in house style—for example, Dutch colonial built of fieldstone near Philadelphia; English Georgian in Lake Forest; American Southern colonial in Asheville; or French provincial, English Georgian, or Spanish in San Francisco. Generally, frame or brick construction is best—for resale.

If you're interested in an older estate, be realistic about the maintenance costs you face. You can figure maintenance will run about 10% of your purchase price a year—including heat and utilities, upkeep of the building and grounds, taxes, and interest on your invested capital (at 4% or 5%). This does not include the cost of a domestic staff.

New estate-size houses—usually 25 to 30 rooms—obviously can give you more in terms of modern efficiency, location, and custom design to fit the needs of your family. They can also preserve the traditional atmosphere of a country estate, if you wish. However, you will pay at least \$250,000, and probably a great deal more, for such a house.

You can plan on spending something like 50% of your total investment

PERSONAL BUSINESS (Continued)

BUSINESS WEEK

OCT. 5, 1957

for the house itself, and 50% for the land and accessories—if you figure on ample acreage, tennis courts, swimming pool, three-car garage, and so on.

The styles of new estate houses are mostly conservative—American colonial and formal English Georgian. A few are modern—colorful, with varied and wide use of glass for partitions and walls. Frame and fieldstone are occasionally seen, but by far the most popular material is brick. The great attraction: spaciousness coupled with modern electronic efficiency. For example, full air conditioning is standard.

The first step here is selection of an architect—not the land (BW—Dec. 1'56,p149). Let him help you decide on acreage. Allow a good six months for consultation and drawing of plans, and then at least a year from the date ground is broken.

About 85% of the purchases of existing estate-class homes are handled on a cash basis; and new estates are nearly always bought without mortgage financing. In any case, the mortgage available usually would amount to only 10% to 20% of the purchase price.

—•—

If you travel a lot, you may have had trouble getting airline reservations. One reason: the steadily growing racket of ticket scalping. Now the government is expected to join the airlines in a crackdown on scalpers. You can help by reporting them to the nearest Civil Aeronautics Board office.

Here's how the racket works: A "reservation racketeer" orders a fistful of tickets for a heavily traveled flight many weeks in advance of departure. Then, when the flight is completely sold out, he sells his tickets to travelers who can't get reservations—adding a substantial "service charge" (sometimes as high as \$50) to the price of the tickets. In addition to paying the extra charge, the passenger must fly under a fictitious name—the one the scalper used when ordering the ticket. This alone creates difficulties.

The airlines cracked down recently with: (1) a \$3 fine for "no shows," which should mean that more people will cancel reservations before flight time—thus enabling resale of seats—and (2) the reconfirmation rule, under which the airline will resell your space if you don't reconfirm your reservation at least six hours before departure.

Finally, to get at the heart of the racket, the CAB is sponsoring a bill to make scalping a federal offense—punishable by fines of \$100 to \$5,000. This will come up at the next session of Congress.

—•—

Speaking of flying, you can now get a quick-reference airline guide that lists every domestic flight alphabetically by city. With the Shuler Guide (published twice a month), you can look up your destination, find your departure city, and then read across the page to find: fares, departure and arrival times, airport, number of stops, meal service, and city where the flight originates. Air taxi, rental car, and limousine services are also described. Subscription price is \$36 per year, or \$2.50 per copy, from Jay Shuler Co., Springville, N. Y.

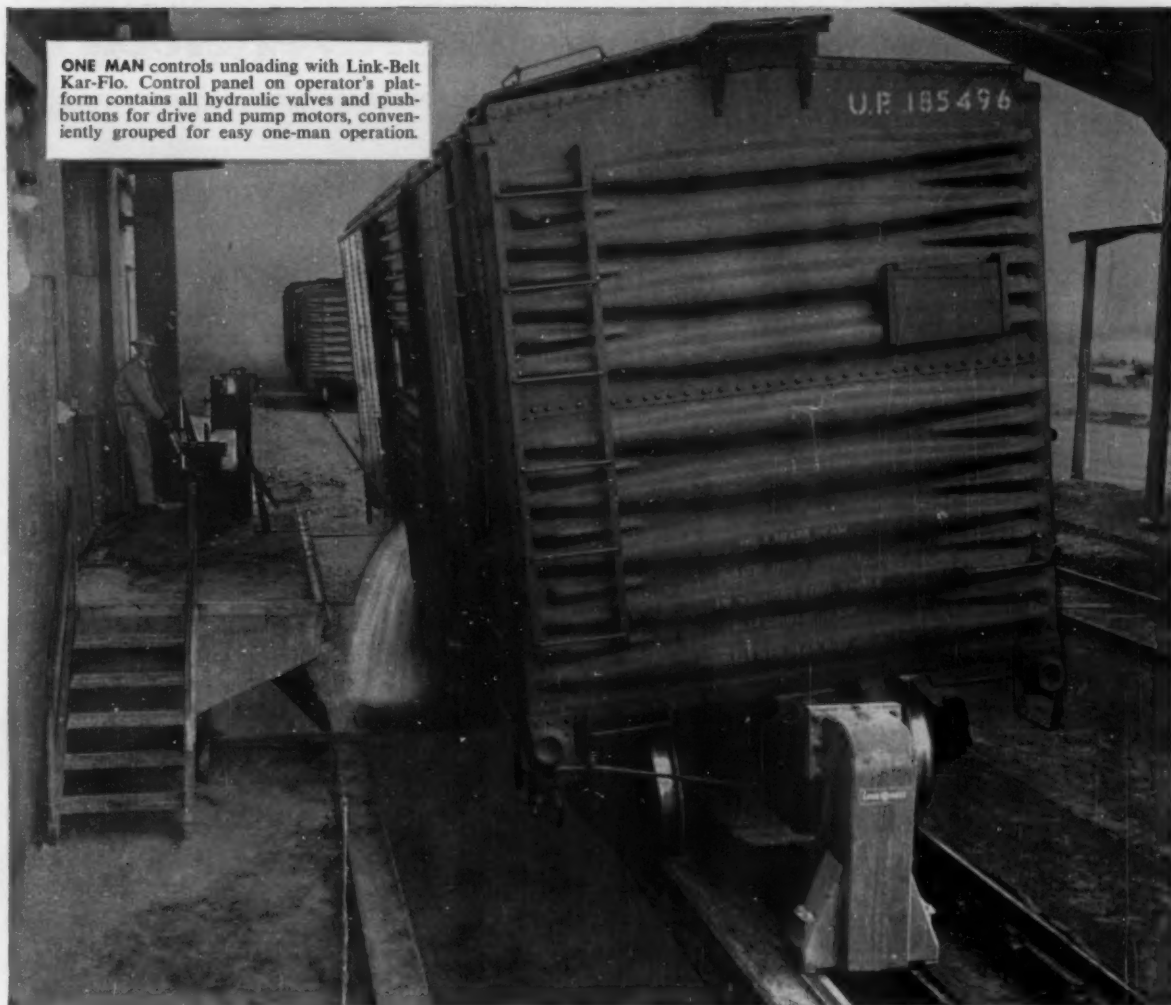
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American Express has a new service enabling business concerns to issue travelers' checks. Besides the obvious convenience to you and your company, this means that your expense money is protected. If it's lost or stolen, you can get a prompt refund through American Express, at home or abroad.

Companies can buy checks in \$10, \$20, \$50, or \$100 denominations. They pay a 1% service fee. There's no charge for holding unissued checks.

Super see-saw for low-cost unloading

ONE MAN controls unloading with Link-Belt Kar-Flo. Control panel on operator's platform contains all hydraulic valves and push-buttons for drive and pump motors, conveniently grouped for easy one-man operation.



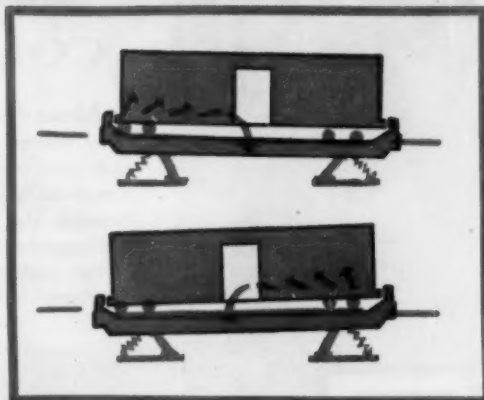
Unique Link-Belt Kar-Flo empties boxcars of grain and other materials in 5 to 7 minutes safely and automatically

WITH its gentle rocking action, the new Link-Belt Kar-Flo is a complete departure from conventional unloading methods . . . slashes cost of emptying boxcars of free-flowing materials. Shallow pit and low overhead clearance simplify installation . . . minimize initial expense. Further economies result from low power and maintenance requirements. In addition, Kar-Flo induces smooth material discharge that reduces dust and degradation . . . improves working conditions. For full details, write for Folder 2645 to LINK-BELT COMPANY, Dept. AV, Prudential Plaza, Chicago 1, Illinois.

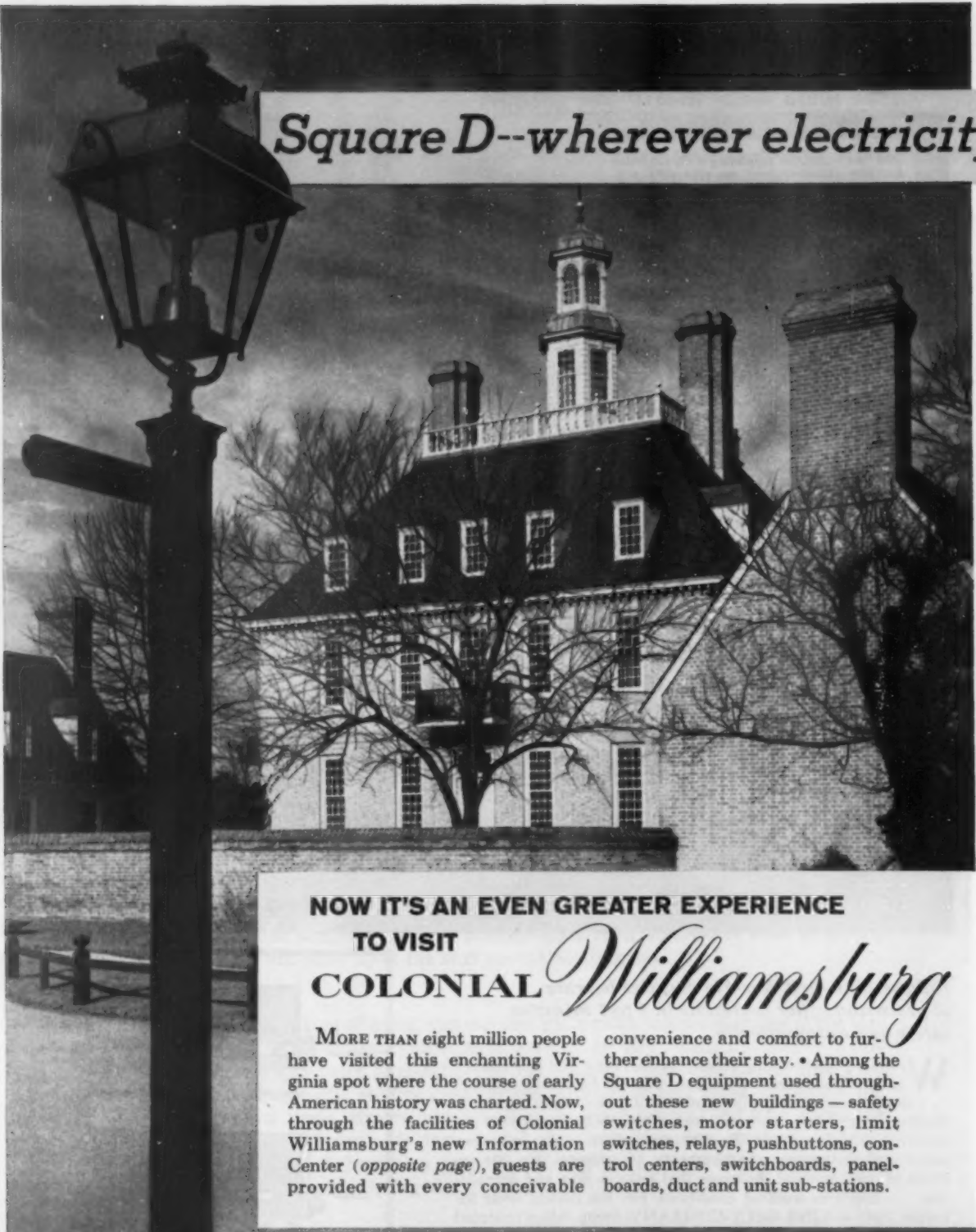
44, 722

LINK-BELT

One source . . . one responsibility for materials handling, processing and power transmission equipment



"ROCK 'N ROLL" ACTION of Kar-Flo assures fast, thorough unloading. After a car is positioned by hydraulic clamps, the ends of the Kar-Flo platform alternately rise and dip about 3 inches. This rocking motion moves grain from both ends of car to center. The car also has 8-degree side-tilt to further assist flow of material.



Square D--wherever electricity

NOW IT'S AN EVEN GREATER EXPERIENCE

TO VISIT

COLONIAL *Williamsburg*

MORE THAN eight million people have visited this enchanting Virginia spot where the course of early American history was charted. Now, through the facilities of Colonial Williamsburg's new Information Center (*opposite page*), guests are provided with every conceivable

convenience and comfort to further enhance their stay. • Among the Square D equipment used throughout these new buildings — safety switches, motor starters, limit switches, relays, pushbuttons, control centers, switchboards, panelboards, duct and unit sub-stations.



SQUARE D COMPANY

is distributed and controlled...

SQUARE D ELECTRICAL EQUIPMENT THROUGHOUT THIS BEAUTIFUL, FUNCTIONAL INFORMATION CENTER!



Information Center, through exhibits, maps, and personal direction, "conditions" visitors for their tour of Colonial Williamsburg. Twin theatres with world's largest indoor screens, offer continuous showings of "Williamsburg... The Story of a Patriot." Free bus service between the Center and the restored area. Parking for 1000 cars. *Square D equipment in this area ranges from pushbuttons and relays to panelboards, bus duct and matched switchboard-control center.*



Motor House, located on 12-acre wooded plot, provides 200 air-conditioned rooms. Lounge, recreation rooms and three swimming pools for guests' enjoyment. *Square D loadcenters, panelboards and unit substation serve this motor house area.*



Cafeteria Building, adjacent to Motor House and Information Center, serves 600 guests per hour. Spacious lounge. Gift shop. Air-conditioned. *Square D equipment distributes and controls electricity for kitchen equipment, refrigeration, air-conditioning, and lighting.*



For perfect viewing, theatre seat rows are four feet wide and rise on sharp one-foot elevations. Three-foot barriers between rows provide full visibility, unbroken by persons in front.



One of Square D's matched switchboard-control center installations. This one, in the cafeteria basement, feeds the entire building, serving lighting, air-conditioning, heating and boiler equipment.

Field Engineering Service is available through more than one hundred Square D offices, backed by an international network of over 1000 authorized electrical distributors and 17 plants in the United States, Canada, Mexico and England

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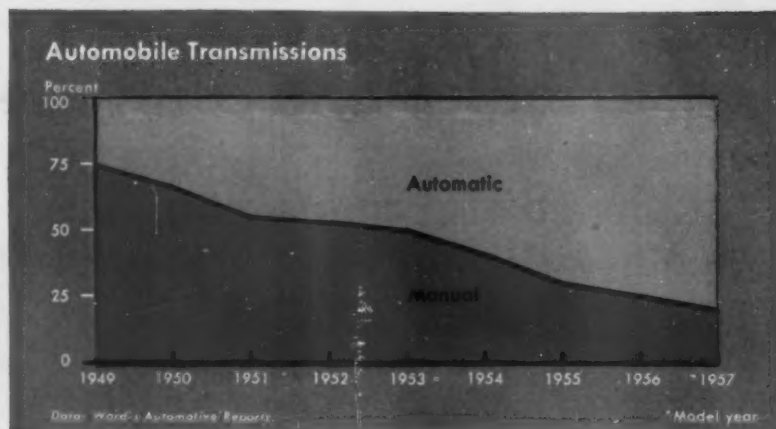
Mr. Andrew Gilchrist, Director

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CHARTS OF THE WEEK



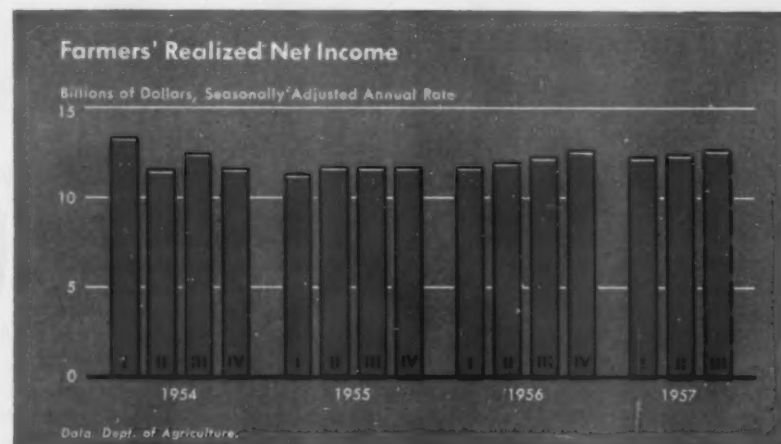
Manual Gearshift on Downgrade

Nearly 80% of the cars produced during the 1957 model year were equipped with automatic transmissions. According to Ward's Automotive Reports, only 20.7% had the so-called standard (manual shift) transmission.

This is a continuation of a change-about that began soon after the war. From 1949 to 1956, manual and automatic transmissions squarely reversed their shares of the auto output. In

1949, only 25.4% of the new cars were equipped with automatics; in 1956, only 25.2% were equipped with manuals. Now the manuals have lost another 4.5%.

Manual gearshifts are making their last stand in the low-priced field, primarily because they are cheaper than automatic transmissions. Some makers predict they will survive in this price field for another decade.

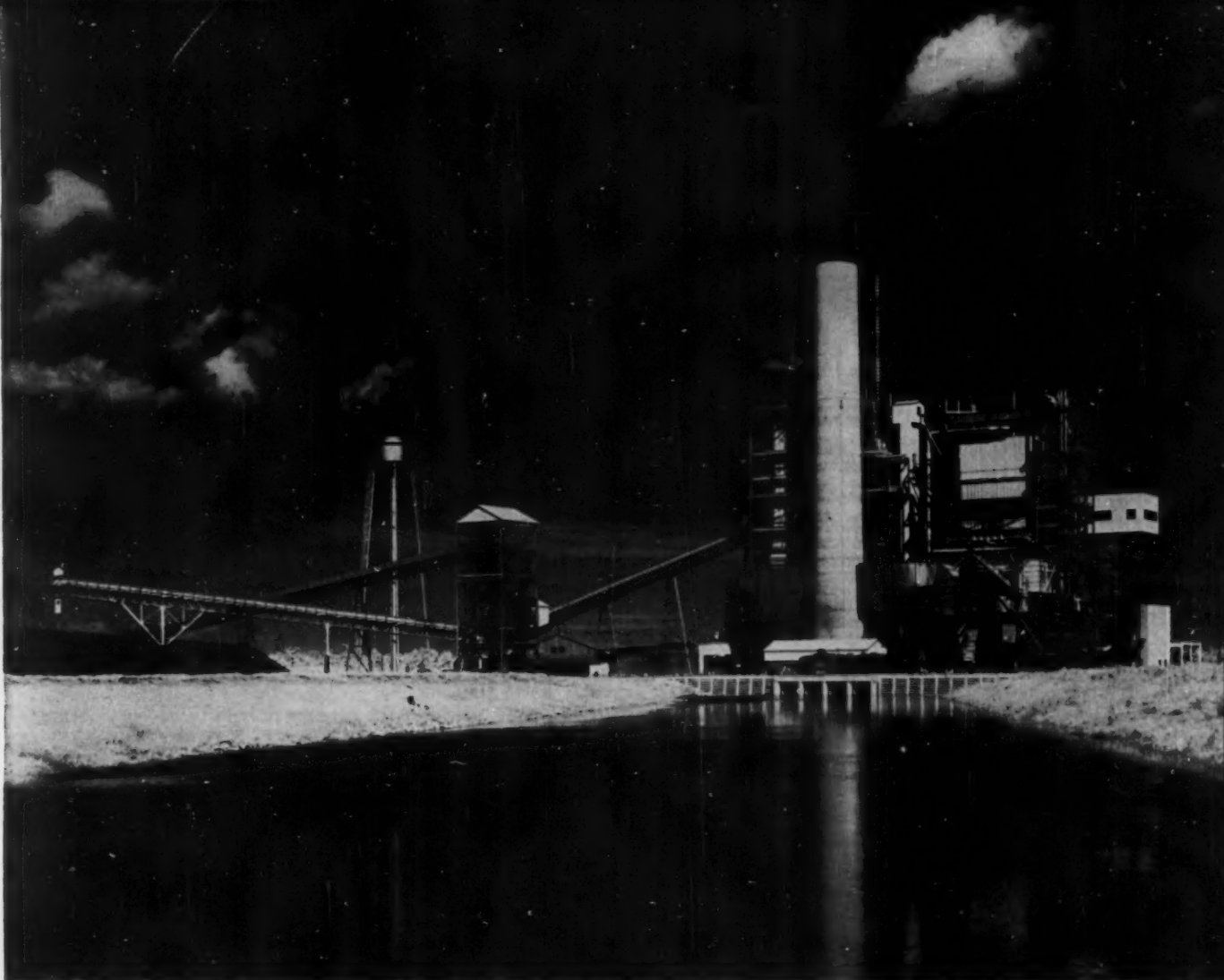


Income Up Second Year in a Row

Farmers' realized net income may reach an annual rate of \$12.6-billion for the third quarter of 1957—up 4% over the third quarter of 1956, the Dept. of Agriculture estimates. Realized net income is the total of cash receipts from farm marketing, non-money income, and government payments, after

production expenses are deducted.

The third-quarter figure is \$400-million higher than in the second quarter and \$500-million above the comparable year-ago quarter. For the full year, operators' income is likely to show about the same 4% improvement that was scored in 1956. The postwar low was



The Louis V. Sutton Steam Electric Generating Station on the Cape Fear River near Wilmington, North Carolina, can deliver 1½ billion kilowatt-hours of electric power each year. Copes-Vulcan boiler control and soot blowing systems help maintain top operating efficiency of this outdoor station.

BLAW-KNOX makes what it takes for the care and feeding of huge high-pressure boilers

To keep pace with the growing demand for electric power in the area they serve, Carolina Power and Light Company added 1½ billion kilowatt-hours annual generating capacity to its system when their new Louis V. Sutton plant went on the line. Steam to drive the turbines at this plant is generated in two huge, high-duty boilers.

Copes-Vulcan automatic sequential soot blowing, combustion control, and feed water control systems installed on the boilers help to maintain top operating efficiency. This equipment has the important job of


cleaning the heating surfaces, and providing the proper rates of flow of water and fuel to the boilers. Controlling the entire operation from a central panel has been made as simple as switching channels on your TV.

Providing high performance equipment systems that help Electric Utilities deliver low cost power is only one example of how Blaw-Knox makes what it takes to help many industries operate more efficiently at lower cost. For an interesting, informative look at the many services and products we offer industry, write for your copy of "This is Blaw-Knox."



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FROM *G.B.*

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on our chain problem.*

We probably could. And it doesn't matter what your problem is because we make all types of steel drive and conveying chain plus sprockets and attachments. Our engineering experience is therefore broad and our recommendations are completely unprejudiced.



TRANSMIT POWER
UNION CHAINS
CONVEY MATERIALS

The Union Chain And Manufacturing Company
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With Fire-Safe**

ZONOLITE®

**ACOUSTICAL
PLASTIC**



**ZONOLITE'S High
Noise Reduction Steps Up
Employee Efficiency**

You can have maximum fire safety...sound conditioning...beauty...in one low-cost acoustical ceiling. Monolithic, no tire-some patterns. And Zonolite vermiculite Acoustical Plastic can now be machine-applied for increased economy. Investigate.

FREE BOOKLET • Send Coupon Today

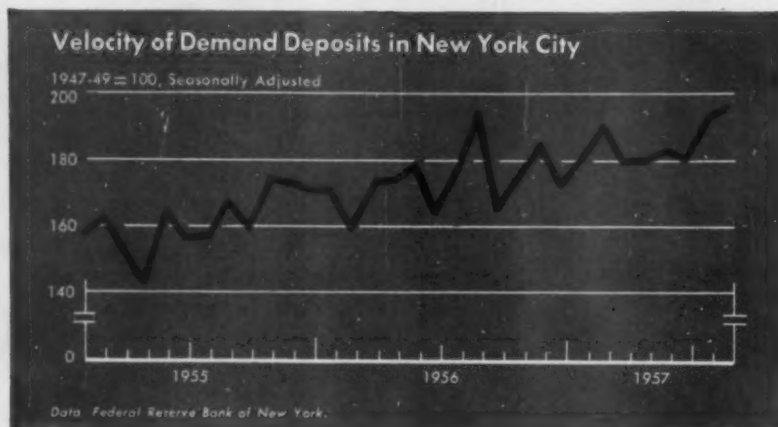
Zonolite Company, Dept. BW-107
135 S. LaSalle St., Chicago 3, Ill.
Gentlemen: Please rush my free copy of your booklet PA-5 with full details on Zonolite Acoustical Plastic ceilings.

NAME.....
FIRM.....
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reached in 1955 with \$11.4-billion; the all-time high was \$16.9-billion in 1947.

During the first eight months, cash receipts rose about \$150-million over

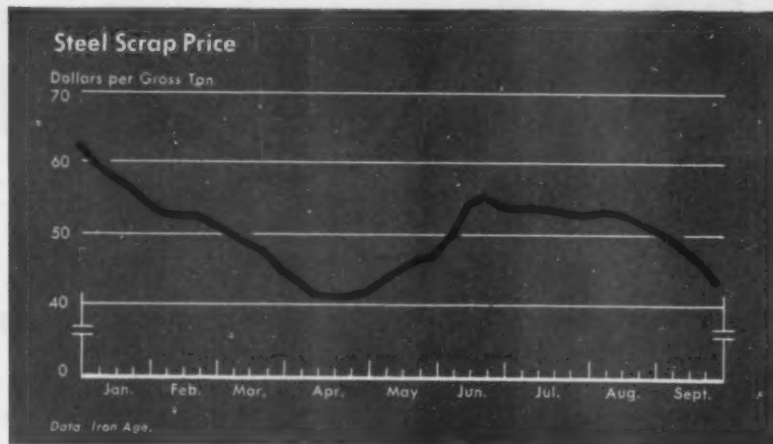
a year ago—the result of a \$500-million rise for livestock and products balanced against a \$350-million decline for crops, mostly cotton, wheat, and potatoes.



Brisk Turnover in Deposits

The most intensive use of checking accounts in New York City was recorded in August, the Federal Reserve Bank of New York reports. The bank's seasonally adjusted index of velocity of demand deposit turnover in New York City rose to 197.3% of the 1947-

49 average. This is an indication that the pressures of tight money continued to be severe in the country's biggest financial market. In 337 financial centers outside of New York City, checking account velocity declined in August from the July peak.



Scrap Prices Tumble

Steel scrap prices tumbled last week below the comparable week in 1956 and 1955. The decline reflects steel mills' reluctance to buy until orders and production pick up.

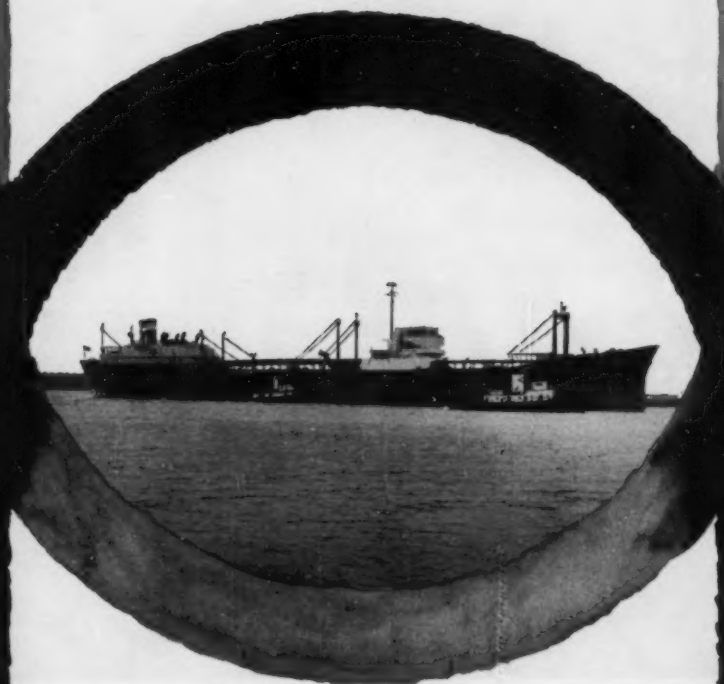
Steel output has risen only very slightly in recent weeks from the summertime lows. Last week, it lagged behind the comparable 1956 and 1955 weeks as well as behind 1952 and 1953

levels, even though productive capacity has continued to increase from year to year.

Also contributing to weakness in scrap prices are the high inventories of pig iron. Iron ore shipments were large this season; as of Sept. 1 almost 65-million tons had been shipped over the Great Lakes—most since 1953, when nearly 74-million tons were shipped.



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NEW YORK SHIPBUILDING CORPORATION

CAMDEN, NEW JERSEY

"Builders of The Finest Ships Afloat"

Shipbuilding: Design & Construction

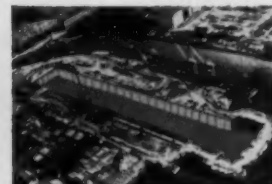
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Ferry Boats, Drilling Vessels, Dredges,
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Aircraft Carriers, Battleships, Light &
Heavy Cruisers, Destroyers, Destroyer
Escorts, Submarines, Oilers, Repair
Ships, Tenders

Engineering and Manufacturing
Facilities for the Production of:
Industrial Equipment & Machinery,
Fabricated Structural Steel, Nuclear
Reactor Components, Heat Interchangers,
Pressure Vessels, High & Low Pressure
Piping, Copper Work



Nerve center of New York Ship's extensive facilities is this 650-man engineering department. Here the latest concepts in shipbuilding—from the most advanced merchant vessels to guided missile warships—are developed.








This graving dock, world's largest privately owned, is the latest addition to New York Ship's 237-acre yard. Capable of accommodating the biggest ships afloat or planned, it is now serving as the construction base for the super carrier USS KITTY HAWK.



In manpower, experience and facilities, New York Ship is highly qualified for a wide variety of metals fabrication. With 2½ million sq. ft. of manufacturing area, its projects range from this massive bridge girder to nuclear reactor components.

Photo

Opportunities for Engineers and Draftsmen: Write John B. Lohrberry, Vice President-Engineering, New York Shipbuilding Corp., Camden 1, New Jersey

<p>INDUSTRIES OF MERRITT</p>	<p>CHEMICAL PLANT AND METALLURGICAL EQUIPMENT</p>  <p>DESIGN & FABRICATION FOR THE PETROLEUM, PULP & PAPER & CHEMICAL INDUSTRIES</p>	<p>CONSTRUCTION EQUIPMENT</p>  <p>CONSTRUCTION OF EVERY TYPE</p>	<p>SHIPBUILDING EQUIPMENT</p>  <p>NEW YORK SHIPBUILDING CORP.</p>	<p>HEAVY TRAILER DIVISION</p>  <p>HEAVY TRAILER CO.</p>	<p>MILTON STEEL DIVISION</p>  <p>MILTON STEEL</p>
--------------------------------------	---	---	--	--	--



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*He goes down to the sea in ships,
does business in great waters.*

But no longer is the Navy confined to the sea's surface. It plumbs the depths, ranges through the skies, penetrates outer space. Its laboratories, even a thousand miles inland, are nautical battle stations.

Research by the Navy, and by the industries which serve it, anticipates tomorrow's needs. Among the industrial leaders contributing to

that research and translating Navy needs into production realities, are eight companies of the GPE Group.

Typical of the significant contributions by GPE companies are Librascope's computers and anti-submarine devices . . . GPL's automatic bombing and self-contained navigation system for the Martin Seamaster . . . Griscom-Russell distillation equipment on every class of ship including nuclear powered

craft. An indication of Askania's, Kearfott's and Link Aviation's involvement is given in the adjoining column.

Many GPE Group products serve vital defense needs today. The scientific advances they embody will one day benefit everyone.



GENERAL PRECISION EQUIPMENT CORPORATION

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praenuntius futuri



"Portrait of The Future" is the well-chosen motto of this submarine. States U.S. Naval Institute Proceedings: "The *Albacore* will long be remembered as the pioneer design for flying under water." *Albacore's* revolutionary piloting technique was conceived and produced by Askania, a GPE company.



Link Aviation provides still another glimpse into the future with its F-11-F Flight Simulator in which pilots of the supersonic Tiger pre-experience flight conditions and maneuvers, "log" priceless familiarization time. Also "shipping out" with the Navy Air Arm is Kearfott, providing 400-cycle components for both planes and guided missiles.

The coordinated resources of the companies of the GPE Group, so effective in anticipating and meeting the needs of the Navy, serve with equal effectiveness other fields such as:

Automatic Controls and Instrumentation
Aviation
Chemical and Petroleum
Marine
Motion Picture and Television
Paper, Printing and Textile
Power Generation and Conversion
Steel, Mining, Transportation



For brochure describing the work of The GPE Group, write to: GENERAL PRECISION EQUIPMENT CORPORATION, 92 Gold Street, New York 38, New York.

NEW PRODUCTS



Better Than Paul Bunyan

This gigantic crushing machine, one of the largest off-the-road machines ever built, can cut down dense forests and jungles at the rate of an acre every 15 minutes, leaving behind 20-ft. paths of matted pulp and splinters where trees once stood.

The 280,000-lb. units called the Electric Tree Crusher, is built by R. G. LeTourneau. It just rolls over ordinary-size trees. But when it comes up against really big ones, it moves up the side of them until enough of its 75-ft. length can work as a lever to topple them. The more than 300 ax-like teeth on each of the 49-ft. rollers grind the trunks to pulp, which either are plowed under or removed by trucks.

The tree crusher was designed for clearing jungles in sections of the world where farm lands are at a premium. But it has other uses. Currently, one of the machines is at work ripping up a right-of-way for a highway through the Peruvian jungle. Another has just polished off the relatively simple job of smashing down 1,500 acres of unproductive scrub forest near Carthage, Tex.

The \$190,000 machine's devastation is controlled by a driver who sits in a cab high up on the 25-ft. tall machine. He feeds power from the generator driven by a 600-hp. diesel engine with a 1,000 gal. fuel tank and steers with pushbuttons.



It Chews Up Secrets

The electric grinder shown at the left is designed to dispose of jealously guarded secret documents with a minimum of fuss and muss. The machine, made by Meili & Worthington, Inc., Hatboro, Pa., turns refuse, paper, and cardboard into completely unidentifiable pulp.

The procedure generally used by government offices and private industries (such as electronics, aircraft, auto) working on government contracts or special designs of their own is to store the secret material in heavy, locked files until an employee gets around to burning it. Then someone has to stand in front of the flames to make sure that no papers escape destruction.

The new machine makes the disposal job a lot easier. All the user has to do is drop the documents, staples and

Another great product of GPL precision!



ii-TV 500

From GPL, developers and manufacturers of the famous "150" the compact closed-circuit TV camera that produces the finest quality pictures... from the makers of the "152" Ruggedized the TV camera that withstands shocking vibrations, blows and extremes of temperature... comes the new, versatile ii-TV 500... again the finest in its class.

economical — will soon save its cost in many applications

single unit system — with controls right at the camera

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For further information or a demonstration, write Mr. N. M. Marshall,
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all, in the top of the machine and turn on the 3-hp. electric motor. Paper mixes with reusable water and is ground to pulp by the grinding blades in a few minutes. The pulp is fed out of the machine into a garbage can or other receptacle, which can be emptied along with ordinary office trash.

The \$1,650 machine, called Pagar, is now in use at several military installations. The manufacturer also expects the grinder to find a market in embassies, banks, and industrial companies.



Data Retriever

Microfilming data is a wonderful way to store documents so they don't take up much room; it's possible to film over 70,000 of them on a single roll of film. The only trouble is you might have a hard time locating the one you want in a hurry (page 180). This task can be very tedious and time-consuming.

But not for the young lady in the picture. She's using a microfilm projector that can locate and project a document in a matter of seconds. The machine, called Flip, was developed by Benson-Lehner Corp., Los Angeles, Calif., for the Air Force, but will be sold commercially once Air Force commitments have been met.

The present model can handle a 1,200-ft. roll of film containing 72,000 documents. The manufacturer says it can be modified to handle over 100,000 as it stands now. And with attachments for handling more than one roll of film, it could be expanded to many times the present capacity.

The machine searches out the wanted document this way:

Each microfilm frame has a designation code perforated on one of its corners. To get a certain document, the operator enters its frame designation on the keys of the machine. The machine reads coded material on each frame photo-electrically at the rate of 300 to 600 frames per second. When



Sperry engineers inspect Gyrofin® ship stabilizer installation on U.S. Navy's experimental ship, COMPASS ISLAND. Because of her Sperry Gyrofin, COMPASS ISLAND will roll about a degree and a half while other ships may be rolling 15 degrees. This stabilization, currently in use for passenger ships, is of extreme importance in the launching of missiles.

SPERRY GYROSCOPE COMPANY

**Gets wide picture coverage
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Sperry, maker of electronic and ship control equipment, requires a wide range of photographic subject matter in its employee and public relations activities, advertising, engineering and sales departments and for research. It finds its in-plant photographic department essential for complete, economical supply of its picture needs. These needs range from Klystron tube grids the size of a pinhead to product, portrait, news type, aerial and architectural photos.

Graflex® and Speed Graphic® cameras are used by Sperry in its photo departments. Many are equipped with Graflex-made Stroboflash® electronic flash units.

The representative photos on this page show the tremendous range of Sperry photography with Graflex and Speed Graphic cameras. They are the ideal cameras for industrial picture coverage. For further information on how YOU can cut costs with these cameras in YOUR plant, write on your letterhead to Dept. BW-5 for your copy of "How Industry Cuts Costs with In-Plant Photography."

*Trade Mark

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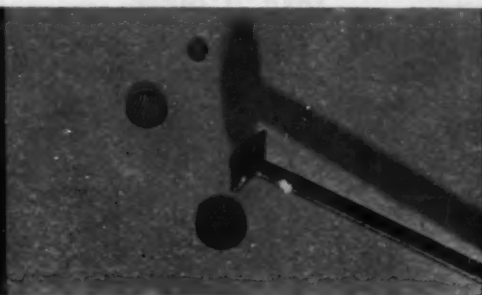
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Microwave lens examined by engineer. This Speed Graphic photo was taken for microwave advertising.

In this picture, Sperry photographers use the full bellows extension of the Speed Graphic and a short focal length lens to give an enlarged view of an ordinary pin, showing the extremely small size of its Klystron tube grids. Note "fluffy" appearance of ordinary white writing paper.

Sperry uses Speed Graphic photos to record Gyropilot installation on bridge of cargo ship.





Now—firms with 10 to 100 employees can
**take the lost time
 out of coffee time**

New "Take-a-Break" Dispenser Brings Coffee Break as Close as Water Cooler — Serves Coffee, Cocoa, Bouillon!

Now you can make a real asset of the coffee break, even if you employ as few as ten. Eliminate the annoying, costly twice-a-day exodus. Boost morale by providing hot beverages as close as the cooler. *Save \$50 a year per employee!*

Your local "Take-a-Break"® vending service will set up the dispenser without fuss or bother. Model illustrated comes complete with its own hot water system and tap for use next to any water cooler—or anywhere there's a water line. Another model is designed for use next to a hot-and-cold cooler. Either way, the "Take-a-Break"

vendor will keep it supplied with self-service packets of Nescafé Instant Coffee (in 3-in-1 pack with Nescreme and sugar), EverReady® cocoa, and soup. Includes cup and stir stick.

Another advantage—employees make their own drinks to individual strength and taste, using thermostatically controlled hot water. Machine may be set to vend at 10¢, 5¢ or free.

Completely sanitary. No cleaning or spoilage. No big, unsightly machine. "Take-a-Break" was designed for locations where *appearance counts*. Only 13" wide, color-matched to your cooler.

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it finds the right frame, it positions it in the optical projector and enlarges it approximately 50 diameters. Material can be cross-referenced simply by adding additional codes to the frame.

The single-unit machine measures about 5 ft. deep, 3 ft. wide, and 4½ ft. high, and weighs 650 lbs. The commercial model is expected to cost about \$25,000.



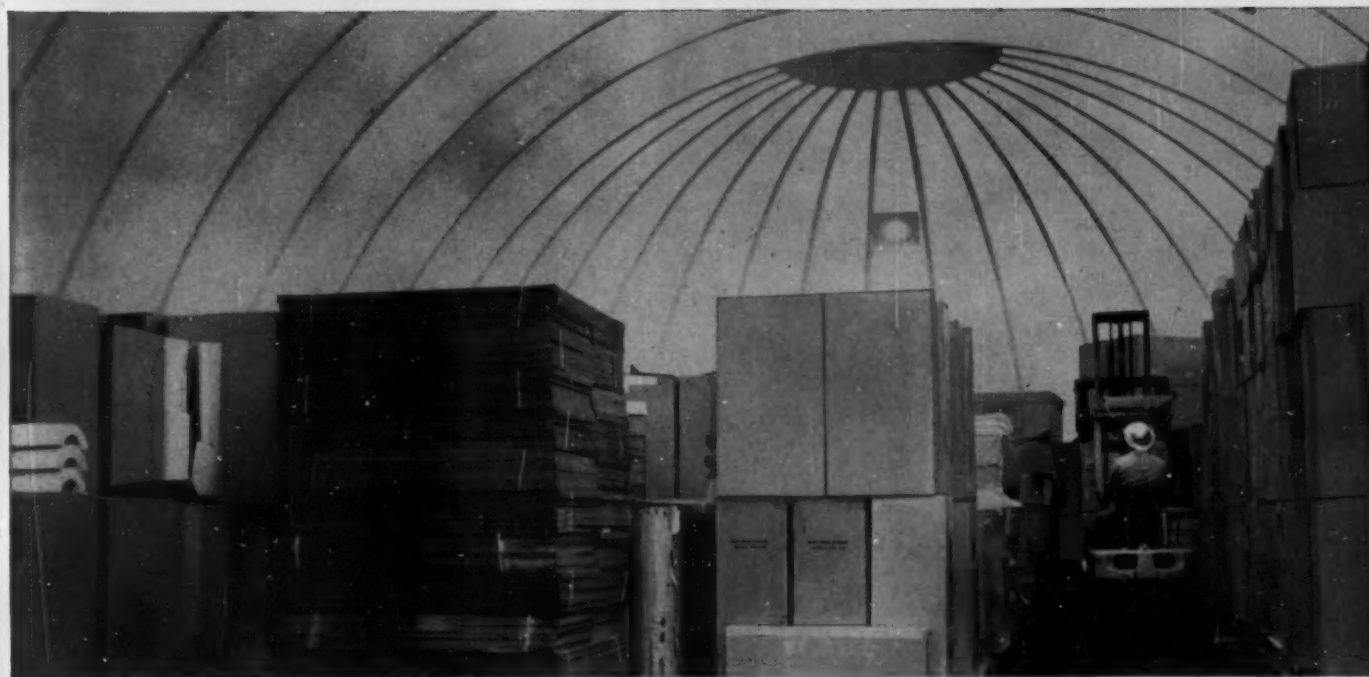
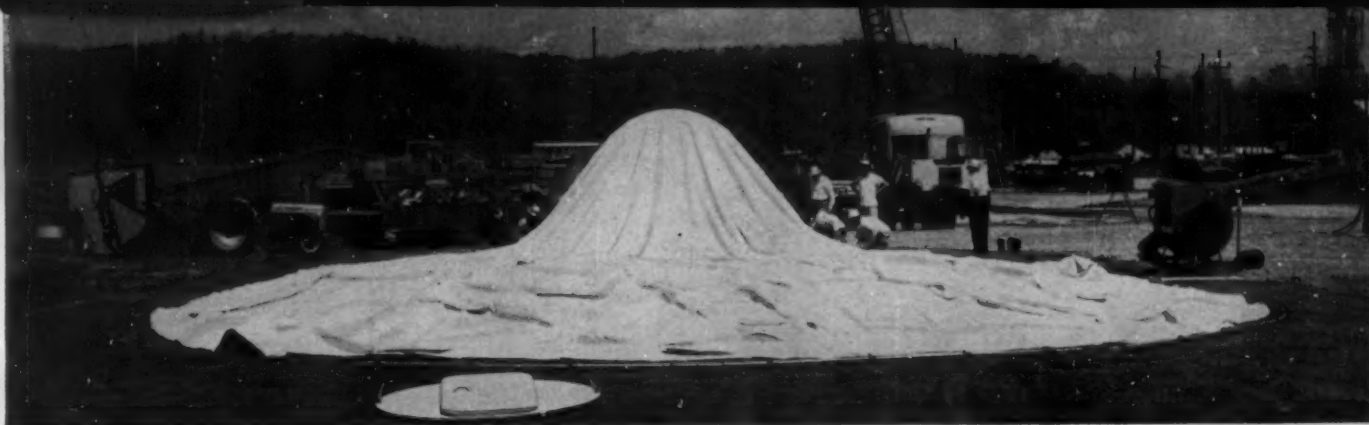
Process Controller

The growing family of computers for industrial use has a new addition. It's a digital computer specially designed to control automatically such complex industrial processes and tests as oil refining, wind tunnel velocities, engine test stands and speeds. The desk-size machine (above) was fathered by Ramo-Wooldridge Corp., Los Angeles.

Ramo-Wooldridge scientists and engineers studied the actual manufacturing processes of several different types of companies before designing the instrument. Using this information, they built several instruments and installed them in plants on a test basis. Increases in production efficiency were such that Ramo-Wooldridge claims the \$98,000 instrument can pay for itself in from one to three years.

The instrument, called RW-300, uses transistors in place of tubes and a medium-speed magnetic drum that can store up to 7,936 words of arithmetic and control instructions and feed the information out at the rate of a word every 8.3 milliseconds. While this is slow by high-speed computer standards, it is sufficient for production control and makes it easier to keep the machine in good operating order.

By making minor adjustments in the computer, the RW-300 can perform a wide variety of processes in the same plant.



How to blow up a building

This inflatable 40 x 80 foot building is made of nylon fabric coated with HYPALON®—a DuPont synthetic rubber.

Pneumatic buildings, used here to store construction materials at job site, offer new opportunities for temporary, low-cost structures. Inflated and sustained by a one-horsepower blower, these portable buildings withstand winds up to 70 miles an hour. Stored materials are easily accessible from two doors: one accommodates a loaded lift truck, the other is for personnel entry. The doors, designed to minimize air loss, can be opened frequently without affecting the structure's stability.

One of the newest inflatable buildings, manufactured by Birdair Structures, Inc., Buffalo, N. Y., is made of fabric coated on both sides with DuPont's HYPALON synthetic rubber. Moistureproof and translucent enough to provide natural light for inside activity, the coated fabric withstands sunlight and weather, ozone and mildew. It will not support combustion and does not get soft or brittle over a wide temperature range...making it practical for all climates.

The outstanding resistance of HYPALON to a variety of service conditions that can quickly ruin ordinary rubber can help you improve the performance of rubber products you buy or the

rubber components of the products you sell. Your rubber goods supplier can show you the benefits of HYPALON and neoprene, DuPont's first synthetic rubber. To get more information about both elastomers in our free booklet, just mail the coupon below.



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PRODUCTION



FIVE-DAY SOAK in lime-and-sulphide solution loosens hair for scraping off by a machine.



HAIRLESS HIDES are split into top grain leather (in worker's hands) and "splits" of lower grade (pile below).

RAW HIDES arriving at tannery go first to the trimming table, above, where they are sliced down the middle and the rough edges are cropped.



TANYARD at Eagle-Ottawa plant has 158 of these tanks, 12 ft. deep, for vegetable tanning of upholstery-type leather. Workers lift hides out after 10-day soak.

Tanneries

Tanning now takes days of messy work (pictures). New machine (page 187) does a part of the job in a few minutes.

YOU NEED a tough hide to survive in the leather business. Not only is the tanning process itself (pictures) a messy and smelly way to earn a living, but the outlook from the front office isn't much better.

Leather's share of the consumer dollar is steadily shrinking. Competition is fierce, with a two-way squeeze on inde-



UPHOLSTERY LEATHER of top quality gets a hand rubdown in special finishing. Operations like this can't be mechanized.

See Hope in New "Dry" Process

pendent tanners that independents in few other fields have to face. The market is continually being invaded by rival materials. With profits low and weaker companies falling by the wayside, there's little chance to invest in new equipment, so the technology is backward, compared with most other industries.

Nevertheless, the tanning industry is watching—hopefully or skeptically—the development of a new process that may result in a superior, more profitable kind of leather. Small batches are being shipped from a pilot-plant operation at Eagle-Ottawa Leather Co., a

medium-sized independent tannery in Grand Haven, Mich. The product is billed as the first really new type of leather since chemical tanning was invented in 1880.

• **Big Difference**—No one can get more than a few pieces of the leather, since the process isn't yet in commercial production. A layman probably wouldn't notice much difference, but leather buyers who have seen samples say it has the features of greater uniformity, high strength, and softness that mark a high-quality leather.

For tanners, an important difference is that this leather is tanned in a few

minutes instead of in days or weeks. The process is called dry, or solvent, tanning because—like dry-cleaning as compared with laundering—it uses a chemical solvent to treat the hide.

Eagle-Ottawa has helped to develop the process in a joint venture with Secotan, Inc., since 1950. Secotan was formed in 1946 by an engineering consultant, Alexis E. Ushakoff, who originated the idea.

• **Long Pull**—To Julian B. Hatton, president of Eagle-Ottawa, supporting a 1/3-share of the Seco venture has been a long and expensive exercise in plumbing. His company, with sales under



THIS SCIENTIST IS SNEAK PREVIEWING YOUR 1959 WARDROBE

That isn't movie film between his fingers. It's a thin paper tape that will make possible better synthetic fabrics for your new suits, sweaters and sport clothes. The holes in the tape have been punched with the answers to complex chemical problems by a Bendix* General Purpose Digital Computer.

Studying the data, automatically typed from the tape, the scientist knows what formula changes are

needed or what adjustment must be made in the production equipment to assure the "miracle" qualities of beauty and wear that you have come to expect from new synthetic fabrics. You can expect faster and more true colors, less shrinkage and stretch, more desirable textures, and many other qualities.

Many other products for your comfort and convenience are coming too, sooner and at lower cost, thanks to a

powerful technical assist from Bendix Computers. Better cars and cameras, cheaper natural gas and electricity, faster transportation and brighter lighting are just a few examples.

For detailed information on the application of computers for the development of specific products, consumer or industrial, write to our Computer Division, Department CA-5, 5630 Arbor Vitae Street, Los Angeles 45, California.

*TRADEMARK

A thousand products



a million ideas

\$10-million a year, has had to plough back a healthy portion of its profits in the experiment.

Solvent tanning isn't new in principle but has been uneconomical, up to now, because the solvent cost so much compared with conventional tanning solutions. The Seco machine has licked this problem by recovering all the solvent and recycling it.

While the process eliminates some steps and greatly shortens others, Hatton doesn't talk in terms of cost savings. He expresses doubt that solvent-tanned leather will ever undercut the price of regular leather. But it does give the industry a new product, and it may mean a modest burst of business for the equipment makers.

• **Putting It to Use**—Rather than cutting prices, says Hatton, "it's much more likely that we will get a premium price for Seco leather."

"It's quite different," he explains. "It has a more uniform quality, tends to subdue rather than emphasize the natural scars and scratches in hides, and has a softer, more resilient body than most leathers."

Shoe manufacturers who have worked with the new leather talk about it with guarded enthusiasm. Until it is available in commercial quantities, they withhold final judgment.

However, one sign of interest was revealed recently by Endicott Johnson Shoe Corp., one of several shoe makers that operate large tanneries of their own. The company announced that it has budgeted \$100,000 for construction of pilot facilities to produce its own version of solvent-tanned leather. For years, too, a group of sole leather tanners has been running a research project on solvent tanning, but it is secretive about any progress.

I. The Industry's Troubles

In almost any other industry, equipment makers would be ecstatic about any discovery that gave new machinery a strong selling point. Their ho-hum attitude toward the tanning industry is a vivid sign of how far the whole leather trade has slid down the economic totem pole.

Tanners sigh that the industry's most critical problem is the machine makers' lack of interest in improving tanning equipment. But they can hardly blame the tool people. Once the Secotan process is licensed and commercial machines are built, according to one estimate, the industry market would be saturated when the first 60 machines were sold. And there's no assurance that this one type of machine would command the entire market—other dry processes may show up.

• **Watching Pennies**—The hard fact is that, although it runs up \$800-mil-

lion worth of annual sales, the tanning industry is backed against a wall. It must sell on price, with competition among about 300 tanners; it can ill afford heavy expenditures on new equipment, no matter how badly needed. Few of the 300 tanners—and there were 900 or more of them 50 years ago—can boast plants under 50 years old.

Under these conditions, the tanners feel they are doing all they can when they raise \$225,000 or \$250,000 a year for joint research on product and process improvement. For the past few years, Pres. Hatton of Eagle-Ottawa has headed the Tanner's Council of America's Industry Laboratory Committee, which maintains research at the University of Cincinnati (budgeted for more than \$125,000 a year). Battelle Memorial Institute and Lowell Textile Institute do the balance of industry-supported research.

• **Struggle for Business**—In following a conservative course toward modernization, the tanners are merely obeying the dictates of business statistics:

• Since 1920, the nation's population has grown from 106-million to about 170-million, yet consumption of leather has remained unchanged at 35-million equivalent hides (a standard measure based on the area of the average cow hide, about 40 sq. ft.).

• Granted that the added people are still wearing shoes, the discrepancy must be explained by increasing use of competitive materials: rubber, plastics, compositions of cords. The substitution comes chiefly in the shoe soles—in the past 10 years alone, the proportion of leather-soled shoes has dropped from more than 70% to less than 40%.

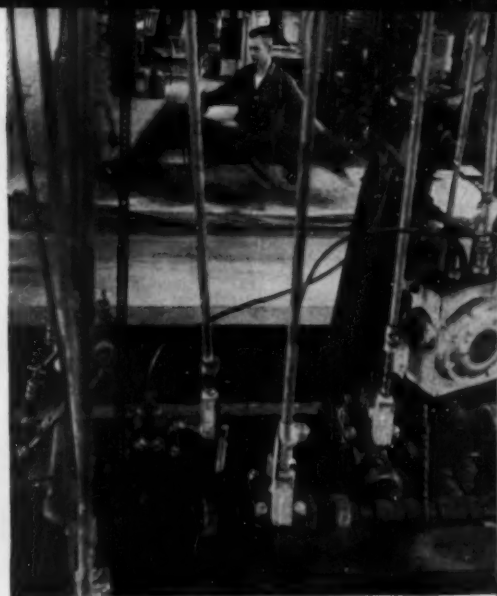
• **In a Vise**—Failure to keep command of the market is only one of the leather industry's problems. For the independent tanner, there's another kind of squeeze.

On the one hand, the meat packers, who supply the raw material to the tanning industry, operate big tanneries such as Armour Leather Co. and Swift & Co.'s A. C. Lawrence Leather Co., reputed to be the largest tanner in the industry. Lawrence is also the only company that has built a large tannery from the ground up since 1946.

On the other hand, the shoe manufacturers, who take 83% of all leather, operate equally strong captive tanneries. Among these operators are International Shoe Corp., Endicott Johnson, and Brown Shoe Co., Inc.

So the independent tanner must compete with businesses that are integrated with his raw material source and with his best customers. This kind of competition is one reason why the average wholesale price of a pair of shoes is quoted today at \$3.50, which is 15¢ below the 1947 average.

Few independent tanners issue public



PROTOTYPE machine of new Secotan process completes tanning step in 4 min.

financial statements—most are closely held—and the earnings of the integrated tanners are hidden in consolidated reports. But few tanners claim to make as much as 4% profit on sales, and most will tell you 3% is a more realistic figure as an industry average.

II. The Tanning Process

Follow a bundle of hides through Eagle-Ottawa's relatively up-to-date tannery (pictures, pages 184 and 185), and you get a clearer idea of where the new dry tanning development may lead.

Hides are bought from the slaughter houses and shipped in by truck and rail. Dirty and heavily salted for preservation, each hide arrives folded into a bundle about 2 ft. square. Its first stop is the hide preparation area, called the beam house. There, workers weigh the hairy bundles, unfold them, and sort them by weight in increments of 10 lb. Hides intended for shoe leather are ripped in half longitudinally, and the trimmer gang hacks off the knuckles and jowls. From this point, the half hides are known as sides, to distinguish them from whole skins.

• **Soaking and Cleaning**—A water bath in a huge rotating drum leaches out the salt and softens the skin for the next operation, in which a machine scoops away the bits of flesh that cling to the inner surface. Hides are then dumped into a series of five big vats filled with a lime and sulphide solution that loosens the hair.

Each hide takes five days to go through the bating operation, as it is called. Then it goes to the unhairing machine, whose dull, rotating blades scrape off the hair. Another soak in a chemical bath, agitated by huge paddles like the business end of a sternwheeler,

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Carrier builds every type of refrigeration for air conditioning.

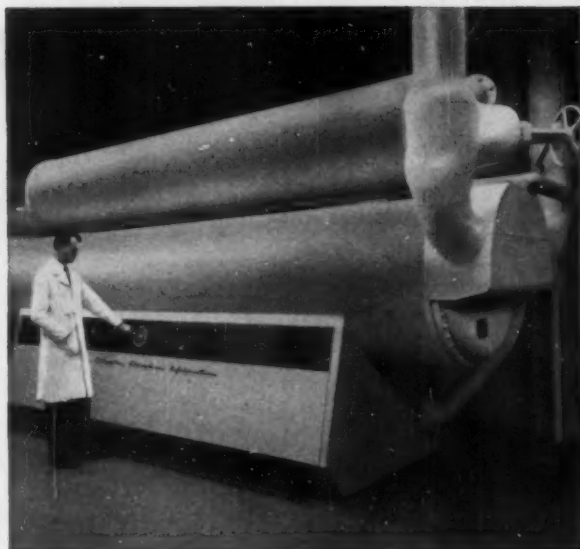
(Four of the many types are shown at the right.)

So our only interest is to recommend the one that serves you best.

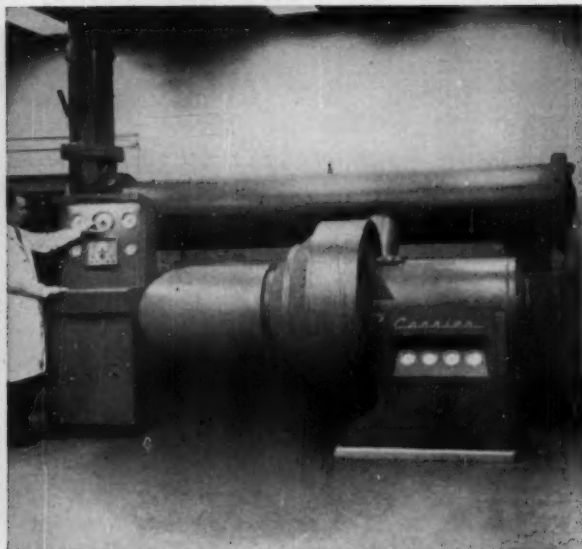
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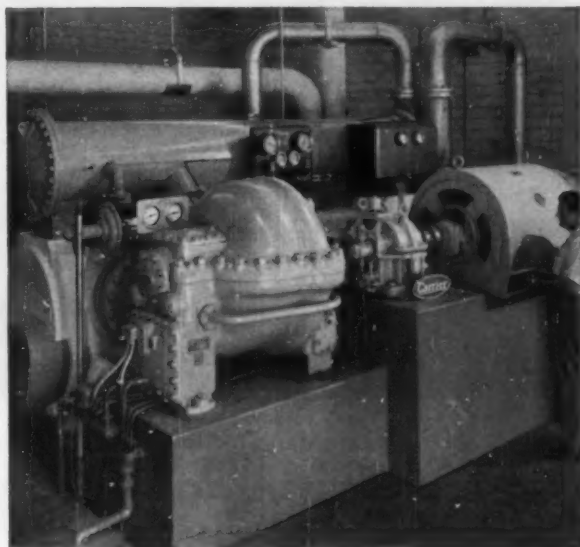
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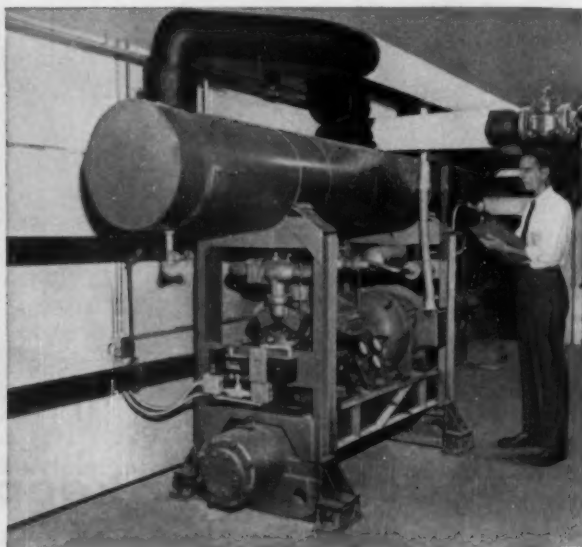
If you have low-cost steam, Carrier's new Absorption Refrigeration Machines may be best. They use heat energy from low-pressure steam or hot water to produce cooling. They're dependable, efficient. Operation is automatic, quiet and vibration free. They are available in cooling capacities from 60 to 700 tons.



If you have low-cost power, Carrier Hermetic Centrifugal Refrigeration may be the answer. Compactness and light weight minimize space and structural requirements. Electronic controls provide continuous, automatic chilling of water to the desired temperature. Cooling capacities from 90 to 1000 tons.



If the building is large, Carrier's famous external drive Centrifugal Refrigerating Machines may be best. With capacities to 4000 tons, they can serve the largest air conditioning system efficiently and economically. Thousands of these dependable machines are in use today in buildings all over the world.



If the building is small, Carrier Reciprocating Water Cooling Machines may be ideal. They're completely "packaged." Installation costs are lower and operating performance is more efficient than units assembled from unrelated components. They are available in capacities that range from 3 to 120 tons.

the men of SHARONSTEEL... they make quality a tradition.



PHOTOGRAPH BY HARSH OF OTTAWA

John Notar keeps green saplings out of steel!

In days gone by it was believed by some that the carbon content of steel could be lowered by introducing green saplings into the melt.

Observer John Notar has no need of saplings or any other artifice for at Sharon the melt is controlled from start to finish by experts trained in modern steelmaking methods using the finest facilities and equipment available... another big reason why you can be sure of highest quality when you specify Sharon Steels.

SHARONSTEEL

*For 56 Years
a Quality Name
in Steel*

SHARON STEEL CORPORATION, SHARON, PA.

readies the hide for the first step in the actual tanning.

- **Now the Tanning**—Essentially, tanning is a soak in a chemical bath, under controlled time and temperature, transforming the soft protein molecules of the skin into fibrous leather.

Eagle-Ottawa tans its upholstery leather in 158 vats filled with a dark brown water solution of tannin, which is extracted from hemlock bark. The hides hang on poles in the slowly agitated solution for about 10 days.

Shoe leather is usually chrome-tanned. The sides are dumped into a 15-ft. rotating barrel filled with a chromium salt solution for about two days. Chrome tanning leaves the leather with a surprising sky-blue hue.

- **Splitting and Drying**—Before the tanning process is finished, the sides are sliced to the prescribed thickness. Machines with knives like bandsaw blades split the wet hides to thicknesses with a tolerance of about $\frac{1}{8}$ in. The outside skin is called top grain leather; the bottom, the "split" or "deep buff." Both are planed and buffed to exact thickness, are then returned for the final step of tanning, with dye added if the leather is to be deep-dyed.

Drying the hides after tanning is a critical step in the process. The leather must be kept absolutely flat and stretched to prevent shrinking. Most progressive tanneries use a pasting technique to hold the hides on glass or porcelain enamel panels as they pass through the drying ovens.

When they come out of the ovens, the tanning process is complete, but the leather is stiff and covered with paste. The paste has to be removed and the leather "staked" by passing it between rubber rollers to soften it up. A final buffing prepares the leather for finishing with lacquer and embossing.

The most automatic process in Eagle-Ottawa's tannery is the lacquering in spray booths. The conveyors are fitted with fingers that trace the outline of the skins and program the spray heads to apply paint only to the irregularly shaped leather.

- **No Waste**—Considering that every hide is different when it enters the tannery, the final product is remarkably uniform, grade for grade. Top grain calf sells well above \$1 a sq. ft.; low-grade splits, used for insoles and inside stiffening material in shoes, may sell for as little as 10¢.

Just as care is taken to upgrade the product as much as possible, care is taken to let nothing go to waste. Raw scraps and the offal from the fleshing operation are sold for gluemaking; hair is dried, washed, and sold for felt and padding; leather trimmed in the custom cutting department is sold to makers of novelties.

However, the tanning process itself

is riddled with waste time and waste motion. The operation is the put-in, take-out sort of work rather than a smooth assembly-line job. Because raw hides are irregular in shape and quality, tanners must rely on human judgment and skill rather than automatic equipment.

- **Gain From New Process**—Solvent tanning won't remedy all these problems, but it's a step in the right direction. The Secotan machine comes into play after the sixth day of the hide preparation cycle, when the hides have had their first brief soak—a few hours—in tanning solution.

The raw skin is fed to the machine on a flat platen, and it goes through three steps:

- First, acetone is forced through the hide to carry off all the moisture and distribute the tanning chemicals evenly through the skin.

- Automatically transferred to the next station, the skin gets another dose

of acetone, this time with some fat liquors added.

- The final station applies heat to drive the acetone out of the hide. Four minutes after the hide entered the machine, it comes out as clean, supple leather.

The closed-cycling of the solvent answers the old economic question of cost of the chemicals. The key to the mechanical operation of the machine is a patented and guarded secret: a masking device that fits itself to the irregular outline of the hide, even covering holes in the middle, so that all the solvent has to pass through the leather.

The machine, its backers say, should be capable of taking hides directly from the slitters and delivering them, dry and ready for coating, to the finishing department. This would eliminate days of soaking in tanning fluid, all the pasting, drying and staking to restore suppleness.



THE HEART of Canada's uranium mining is centered here in the Blind River area in Ontario. Here, Consolidated Denison operates a complex of mines and ore processing mill.

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That's the claim made for Canada's Blind River area. Ore reserves at this one site equal the total in the U.S. And milling facilities are the largest in the world.

In uranium mining, Canada's Blind River area in western Ontario is still the magic name. In just five years, the area has changed from almost impenetrable backwoods into a mining camp that includes at least 11 mines and eight ore concentrating mills.

Last month Blind River added another superlative to its list. Consolidated Denison Mines, Ltd., formally dedicated its \$40-million mine and ore

concentrating mill, the world's largest. The mill can process 6,000 tons of ore a day, which is twice the amount the biggest U.S. mill (Anaconda's plant at Bluewater, N. M.) can handle.

- **Vast Reserves**—In addition, Consolidated Denison's estimated ore reserves of about 135-million tons roughly equals the total known U.S. reserves on the basis of uranium content. (U.S. reserves of 60-million tons are about



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twice as rich in uranium as Blind River ores.) Total value of Consolidated Denison's ore body is estimated at \$4-billion at today's prices. Life expectancy of its ore body is 60 years at the present rate of production.

Blind River ores run 0.1% to 0.15% —2 lb. to 3 lb. of uranium to the ton of ore—so it takes a lot of digging and even more crushing, grinding, and concentrating to get out the uranium oxide. And its hard rock mining at that.

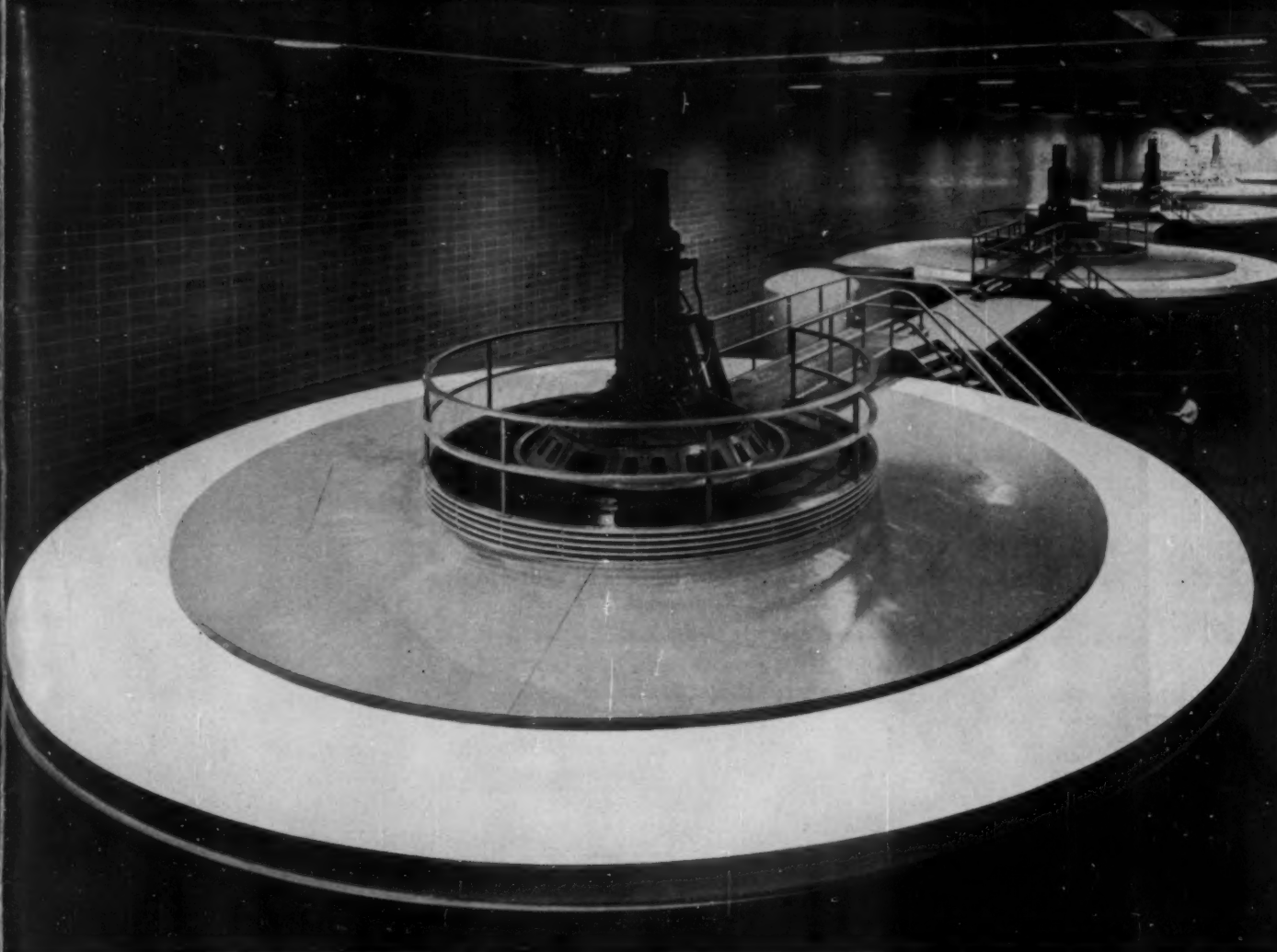
• **A Tidy Return**—In spite of all this work, there's money to be made.

Consolidated Denison gets between \$10 and \$11 for a pound of uranium oxide, when you take into consideration all the "write-off" features of its agreement with the Canadian government. That's \$19 to \$22.50 per ton of ore mined, even when you figure that only about 88% of the uranium content actually can be recovered from the ore.

The cost of mining and milling the ore is only around \$9.50 a ton. So that leaves a tidy return for the company. And this profits picture looks even brighter when you realize that Consolidated Denison's six-year contract with the Canadian government totals over \$200-million.

• **Long-Range Hitch**—There's a big hitch, however, in the long-range prospects. Consolidated Denison's contracts end in 1963, as do all other Canadian government contracts. Most people now feel the Canadian government will continue to buy uranium concentrates until 1966, to keep in step with the U.S. whose guaranteed price contracts run until that date.

But that still leaves a four-year gap until atomic power requirements are expected to create enough demand by 1970 to take up the slack in uranium production. And this hiatus without



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Henry: This isn't like you, dear. After all, I left you with a thriving business and a secure . . .

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Henry: I had a note in my pocket to call him.

Martha: He planned to get you, the lawyer, and the banker together to talk about a new kind of business insurance.

Henry: I know I wrote it down . . .

Martha: He wanted to show you how we would have money for inheritance taxes, without having to sell the business.

Henry: It was on a little piece of paper . . .

Martha: Well, Henry, we *didn't* have enough to pay the inheritance taxes. We had to sell the business for much less than it was worth.

Henry: I guess I never did call that Man from Equitable.

Martha: I guess you never did, Henry.

Henry: Terribly careless.

Martha: Terribly.

Henry: Not like me.

Martha: Not like you.

Henry: Now what did I do with that harp?

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"... all the equipment used in underground operations is highly mobile ..."

STORY starts on p. 184

government contracts or sufficient private demand looks rather bleak to uranium producers. It's pretty much in the back of everybody's mind, but because it still is a few years off, no one has advanced a satisfactory solution.

• **Across the Border**—U.S. operations, although their ore bodies are richer than Blind River ores, probably are not any more profitable. For one thing, producers only get the standard price of \$8 for a ton of concentrate. And, in most cases, their operations are on a smaller scale and tend to be less efficient. Of the 12 mills now operating in the U.S., only three have a capacity of more than 1,000 tons a day. By contrast, three of the four Blind River concentrating mills now operating have capacities of 3,000 tons per day or more.

The Consolidated Denison mine, 10 times larger than the average U.S. operation, is even more vast than these figures convey. The main ore body, which slopes gently from a depth of about 1,580 ft. down to a depth of more than 2,500 ft., is 2½ mi. long and 1½ mi. wide. This entire vein, which varies from 18 ft. to 34 ft. thick, will be mined out by the room and pillar method, in which evenly spaced sections of the ore body are left standing to support the roof.

• **Mechanized Operation**—All the equipment used in underground operations is highly mobile. Drilling of the ore face for the placing of explosive charges is done with Joy Mfg. Co.'s rubber-tired, multiple-boom Drill-mobiles. Even the specially designed machines that load the ore onto 14-ton, four-wheel-drive, rubber-tired shuttle cars are crawler-mounted. And to speed the flow of ore even more, Consolidated Denison plans to install an underground conveyor system reaching out from the main mine shaft to take the burden off the shuttle cars.

Getting the ore up to ground level is really only a small part of the operation. After the ore reaches the top, it is first crushed and then run through a whole series of grinding mills before it is even pumped in slurry form to the 5½-acre concentrating plant.

Here, ore particles pass through 120 miles of pipe, a tank farm's worth of inside and outside tanks with a total capacity of 6-million gal., to separate the uranium oxide (U₃O₈) from the ore bearing rock itself. The process used is known technically as the acid leach, ion exchange, precipitation method. **END**

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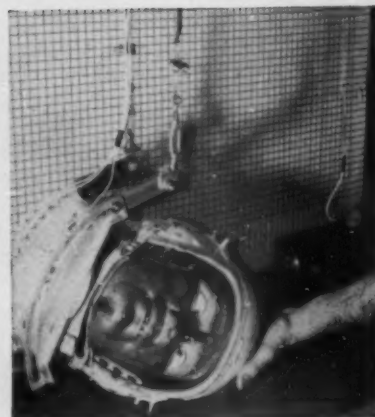
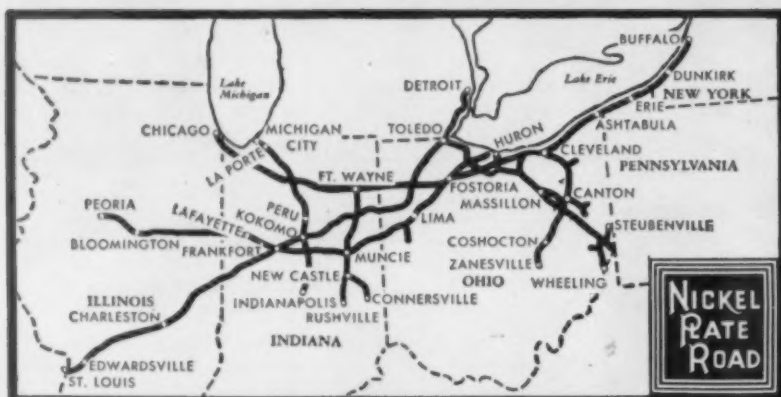


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Highway bridges built from standard-size, factory-built, pre-stressed concrete beams are being tested by the Texas Highway Dept., with an eye to saving several million dollars on the road improvement program. The plan is to use standard length beams for the smaller bridges—most spanning less than 60 ft.—rather than to tailor each bridge to the individual stream. Factory building is expected to improve quality control, and make it possible to stockpile the beams for emergencies.

Machining time needed to turn out the main support bulkheads for the landing gear on the B-52 bomber has been cut 62% by using the giant 50,000-ton forging presses that the Aluminum Co. of America operates for the Air Force. Previously, it was necessary to machine off 645 lb. to come out with a single 230-lb. part. Using the big presses, Alcoa has been able to forge this original piece to within 59 lb. of its final shape.

Largest sodium borohydride plant in the world has been completed in Danvers, Mass., for Metal Hydrides, Inc. The \$5-million plant, built by the Badger Mfg. Co. of Cambridge, will process sodium, hydrogen, and methanol into sodium borohydride, used in making of boron high energy fuels for the Navy.

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Two Metals Break New Ground

● In volume—the industry has never produced the quantities of zirconium sponge and beryllium that five companies are going to supply to AEC.

● In price—every one of the new contracts is far below the best that AEC has been able to do before.

● On both counts, the rest of the metals industry is worrying about how the contracts will work out. But the contractors are relying on new processes to cut costs.

How far will large-quantity, long-term contracts permit you to cut prices on production of traditionally small-volume materials?

This is a warm topic these days in the metals trade. And one segment of the industry feels that five companies with new contracts to provide beryllium and zirconium sponge to the government have gone too far in setting bargain-basement prices on the metals.

The companies profess to be unworried, with redetermination clauses in their contracts. It will take a year or two to find out if the industry's concern is warranted.

• **Competitive Bids**—Three zirconium suppliers—National Distillers & Chemical Corp., Columbia National Corp., and Carborundum Metals Co.—and two beryllium producers—Brush Beryllium Co. and the Beryllium Corp.—are involved.

In competitive bidding they won contracts from the Atomic Energy Commission to supply larger quantities of the metals than have ever been produced up to now. The prices are lower than anything the industry has furnished.

• **Beryllium**—Brush Beryllium and the Beryllium Corp. each have five-year contracts for 100,000 lb. of pure metal. Average cost of the two contracts to AEC runs to \$46.50 a lb. Four years ago, when the commission stopped stockpiling beryllium for the atomic energy program, it was paying \$61 for the metal. Even more recently, high-purity beryllium was selling for \$85 on the commercial market.

• **Zirconium**—Similarly, the cost of supplying 2.2-million lb. of zirconium sponge annually to the commission averages out to about \$6 a lb. The best the commission could achieve six years ago when it was producing sponge in a government plant was a price of \$16, and that out-of-pocket

cost included no provision for amortization of plant.

Under a contract still in force, Carborundum Metals has been able to bring the price down only to \$11.42 a lb. for 325,000 lb. of production at an old plant. However, Carborundum has given AEC a price of \$7.72 a lb. on the 500,000 lb. to be supplied annually from a new plant at Parkersburg, W. Va.

The other zirconium suppliers have gone even lower. Columbia National Corp., a subsidiary of National Research Corp. and Columbia-Southern Chemical Corp., is completing a new plant near Pensacola, Fla., to supply 700,000 lb. of sponge annually to AEC at \$6.50 a lb. And National Distillers, through its Mallory-Sharon Corp., will supply 1-million lb. annually at \$4.54.

• **Volume Counts**—All this cost-cutting is easy for AEC to take. The agency is under pressure to build up its stock of the two metals for naval requirements. For a number of sound technical reasons, beryllium and zirconium, for which substitutions can be made in other types of atomic reactors, are virtually indispensable in nuclear power plants for ships.

Moreover, despite dire predictions of some metals experts, the five supplier companies all claim to be happy with their end of the bargain. Civilian demand, they point out, never approached the volume of the new AEC contracts, perhaps never will (for most industrial uses, neither metal has to be of the high purity required for nuclear work). Nor have government demands for the metals ever been so high.

• **Atomic Uses**—Except for their cost, both metals are the best that scientists have been able to find for specific nuclear uses.

Neutrons tend to bounce off beryllium, whereas they penetrate and are absorbed by most other metals. So

beryllium is used in reactors as a moderator—to slow neutrons to speeds at which they are more likely to fission nuclear fuels—and as a reflector, to shield inner walls of the reactor and keep the neutrons inside.

Zirconium is relatively transparent to neutrons, and it also has other virtues for reactor construction. It is, for instance, highly resistant to corrosion caused by radiation products. So it is a prime material for cladding fuel, for tubing in the hottest, most radioactive areas of the reactor.

• **Production Hazards**—Production of both metals is tedious, with many processing steps involved. Beryllium is highly toxic besides, and its purification requires elaborate equipment for protection of workers.

Zirconium production actually involves two manufacturing phases. The sponge is produced from ore by chemical processing, during which persistent contaminants, notably hafnium, are removed. Getting the hafnium out of the zirconium, a difficult but necessary step if the metal is intended for nuclear reactors, is the explanation of the past high cost of reactor grade material. Now, the new contracts for the metal will push the price of reactor grade material far below the level of regular commercial grade sponge, currently priced at \$10 per lb. When National Distillers gets its new plant operating it expects to price its commercial grade product at about \$5 per lb, reactor grade (for nongovernment customers) at \$7. The sponge is then converted into metal for AEC by metallurgical means. Several companies, including Carborundum Metals, are converting sponge to metal on negotiated contracts with the commission.

• **Beryllium's History**—Pure beryllium was produced for the atomic program in a government-owned plant at Luckey, Ohio, from 1949 to 1953. Brush Beryllium operated the plant under contract with AEC. Then the commission decided it had a sufficient stockpile of the metal and put the plant on standby status for three years.

Last year the Navy began nailing down contracts for nuclear-powered submarines and other craft. The beryllium stockpile obviously was inadequate for such a demand, so AEC put the Luckey plant back into operation and asked for bids for additional supplies. The Brush and Beryllium Corp. contracts resulted. Brush is building a new plant at Elmore, Ohio. Beryllium Corp. bought an abandoned railroad repair shop at Hazelton, Pa.,

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and converted it to handle production for AEC.

• **Zirconium's History**—Zirconium's career in the atomic energy field has been about as checkered. Shortly after World War II, the metal was first supplied to AEC in hafnium-free form by a Bureau of Mines plant at Albany, Ore. Several companies, including Westinghouse Electric Corp., converted the sponge from Albany into metal as it was needed.

Finally, in 1951, the commission asked industry to produce the sponge at a fixed price. Carborundum Metals made an offer, reportedly around \$15 a lb., and was given a contract to supply 200,000 lb. a year at a plant it built for the purpose at Akron, N. Y.

Late in 1955, AEC asked for bids from additional suppliers. The second contract with Carborundum Metals and the new ones with National Distillers and Columbia National resulted.

• **Most Dramatic Case**—The metals trade, set agog by all five contracts, is asking the most pointed questions about that of National Distillers. This is natural since the unit price involved is just a little more than half that of Carborundum Metals. And Carborundum is a veteran producer, while National Distillers is a newcomer.

Dr. Robert E. Hulse, executive vice-president of National Distillers, says the company "counts on making a reasonable profit." But he concedes that start-up costs at the new plant at Ashtabula, Ohio, may wipe out most if not all profit in the first year.

• **Volume**—National Distillers has the largest of the new zirconium contracts—and a new chemical process. The company will not give much detail on the new process except to say that elemental sodium is used in the final purification stages, instead of the magnesium employed by other producers. It claims impurities can then be dissolved out, leaving pure zirconium. In the conventional process, the impurities are removed by vacuum distillation, a process that requires costly equipment.

• **Escape Route**—If a year's operation shows that the contractors have miscalculated their prices, they have an escape hatch—the redetermination clauses in their contracts. Every year, the suppliers will go over their costs with AEC with an eye to revision of the contracts.

And the pressure will be heavy on the commission to make concessions, within reasonable bounds. It is the avowed policy of AEC to encourage industry participation in the atomic program. And future bidding would certainly be discouraged if the pioneer beryllium and zirconium suppliers were allowed to lose their shirts getting started. **END**

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Britain Has No Time for Politics

Britain's Conservative Party came into office just six years ago determined to give Britain back a free-market economy. It was the Conservatives' ambition to replace Labor's "welfare state" with what Prime Minister Macmillan has called "the opportunity state."

Now the Conservatives are in serious economic trouble—so serious that they are restricting economic opportunity in Britain. Inflation has caught up with the Tories, as it did with Labor, and it has produced another of Britain's postwar exchange crises. To avoid having to devalue sterling, the Macmillan government is restricting the money supply drastically, even at the risk of unemployment.

The Labor Party can be expected to make political capital out of the Conservative predicament. This is the normal rule of party politics in a democracy. And Labor leaders are indeed having their field day this week at Brighton, where the party is holding its annual conference.

Without getting involved in British politics or trying to assess the merits of Conservative economic policy as against Labor economic policy, we still would like to suggest that the British financial situation has reached the point where both parties need to temper their hopes of partisan advantage and their doctrinal predispositions.

In a situation like this, it should not be too much to expect the Labor Party leaders to join with the Trades Union Council in trying to get Britain's wage inflation under control. At the same time, the Tories might well reexamine the direction of their present policy to see if there isn't room for more flexibility. Only a little more than a year ago the top members of the Conservative government believed that, in Britain's case, some temporary retreat from free-market orthodoxy might benefit the country in the long run.

If both parties can, in some such way, put the national interest first, Britain's chances of surmounting its very real economic difficulties would undoubtedly improve.

Forced Choice

For George Romney, president of American Motors Corp., to become an advocate of industry-wide collective bargaining for the auto industry (BW—Sep. 28 '57, p152) is a somewhat startling spectacle—and an illuminating one. In the past, Romney was a determined opponent of the practice; on the principle that collective bargaining had to take account of the individual company's situation.

Romney's company doesn't have the fat that the auto industry's Big Three enjoy and he wanted

different treatment from Walter Reuther's UAW. That's just what he has been getting. But it isn't the kind of treatment he had in mind. Instead of taking account of AMC's situation to go a little easier on the company, UAW—according to Romney—has taken advantage of the company's vulnerability to squeeze it harder. Hence, common treatment for all and a solid industry front to oppose UAW's tactic of whipsawing one employer against another is a boon AMC eagerly seeks.

George Romney is not to be chided for taking a position, because of the interests of his stockholders, which is personally distasteful to him. What evils may flow from it for the community and for the economy must be charged to UAW, which, unlike more socially responsible unions, takes everything it can get and damns the consequences.

Competition vs. Subsidy

Much is being accomplished to reduce our farm surpluses through commercial sales, subsidized exports, "loan" arrangements, and outright giveaways. Our largest exports of cotton in 23 years—7.9-million bales in the cotton year ended July 31—emphasize this. But the successes underline a fatal weakness in the farm program as now set up.

As a surplus diminishes, the law requires support prices to rise and acreage limitations to relax. That, of course, simply places a premium on farmers' growing more surpluses to be sold to the government. And it explains why Agriculture Secy. Ezra T. Benson wants the law changed.

The realities, as exemplified in cotton, are too simple to require much arguing. We have some justification, dubious as it may be, for dumping cotton in world markets while trying to work our surplus down to manageable levels. But we have none for promoting new surpluses that will compel us to continue dumping far into the future.

Our efficient cotton planters, mechanized and cost-conscious, can compete in world markets and want to. The marginal farmer in the South has been encouraged to diversify and has made a good deal of progress. The time is near when support prices should be cut to the point where they provide disaster insurance and no more.

This would have a twofold advantage: (1) It would get Uncle Sam out of the business of paying farmers to grow unneeded cotton (disposal of which tends to disrupt world markets), and (2) it would enable domestic cotton mills to buy cotton at the same price foreign mills pay. Both the American taxpayer and the American buyer of cotton goods would benefit from the change.



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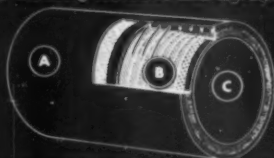


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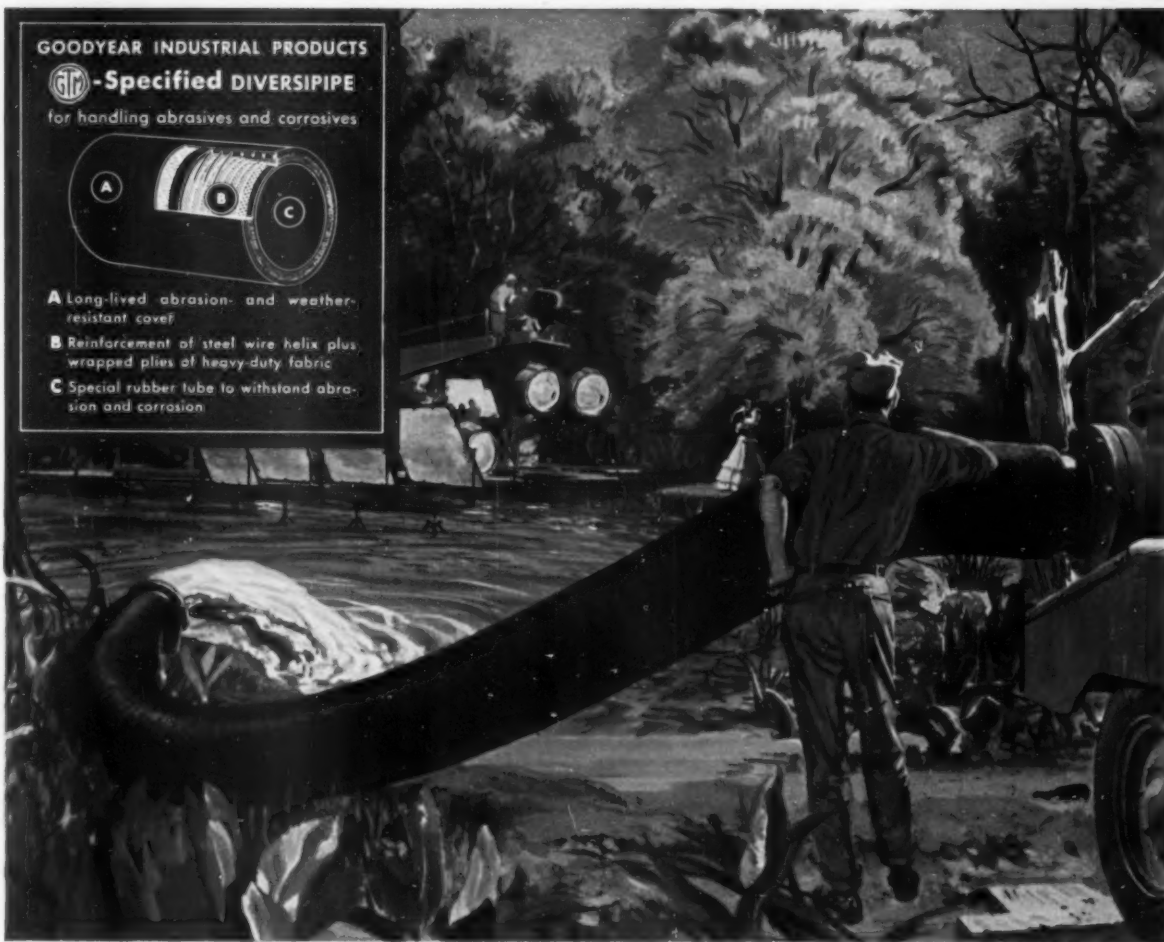


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Filling an order for a swamp is literally all in a day's work for the special effects men at MGM Studios. During filming of the epochal "Raintree County," for instance, they flooded a remote area with 6,000,000 gallons of water in just 20 hours. But the real feat was in having the water at just the right level when the cameras were ready to roll.

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Since the switch to Diversipipe was made, many man-hours have been saved. But more important, delays in shooting schedules, that could cost thousands of dollars, have disappeared. Perhaps versatile Diversipipe can bring you similar savings in the handling of water, abrasives, corrosives—virtually anything pumpable. The G.T.M. can tell you. And you can contact him through your Goodyear Distributor or Goodyear, Industrial Products Division, Akron 16, Ohio.

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GOOD YEAR

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